

Kentucky Power Company

REQUEST

With respect to Workpaper S-2, page 1 of 3, please provide copies of all reports written by credit reporting agencies on AEP and Kentucky Power for the years 2004 and 2005.

RESPONSE

Please see enclosed CD for the requested copies of credit reports for both AEP and Kentucky Power Company for the years 2004 and 2005.

WITNESS Errol K. Wagner

Kentucky Power Company

REQUEST

With respect to Workpaper S-2, page 1 of 3, Lines 1 and 2, please provide (a) the methodology employed in determining the interest rate on the two Global Notes Payable to Parent Company, (b) copies of all legal documentation regarding the Notes, and (c) copies of correspondence between Kentucky Power and AEP regarding the Notes.

RESPONSE

Please see attached work papers.

WITNESS Errol K. Wagner

May 10, 2001
\$60,000,000 AEP Notes
6.501% due 2006

The pricing of the Kentucky Power promissory note from AEP was based on the cost of the debt when the note was issued to Kentucky Power. The note was priced this way because AEP is required to conduct its business with subsidiaries on a cost basis and is in accordance with the orders of the Commission and in accordance with the Public Utility Holding Company Act of 1935.

The rate compared favorably to what Kentucky could have done on its own at that time for a deal with similar terms and tenor. At the time the notes were issued, investors were pricing large, liquid deals that were Lehman Index eligible more favorably to non-index eligible transactions. Smaller deals that don't qualify are more expensive. Some examples of similar transactions in the market place at that period were as follows:

<u>Company</u>	<u>Ratings</u>	<u>Amount</u>	<u>Yield</u>	<u>Comments</u>
DTE Energy	Baa2/BBB	\$500 MM	6.49%	Large issue, no call
Jersey Central	A2/A+	\$150 MM	6.45%	High rated, mortgage bonds
FPL Group	A2/A+	\$500 MM	6.248%	Large issue, high rated
TXU Corp	Baa3/BBB	\$800 MM	6.498%	Large issue

Please note the above comparable deals would also have paid .125% underwriting fees for a five-year transaction and other issuance costs, which were not charged to Kentucky Power. The cost of the call, or being able to optionally redeem all or part of the issuance without penalties, which Kentucky Power received for free was approximately .35% bps. In fact, Kentucky Power did redeem \$20 million in these promissory notes in 2005 without penalties.

January 1, 2004
\$20,000,000 AEP Notes
5.25% due 2015

The pricing of the Kentucky Power promissory note from AEP was based on the coupon of the notes as when issued by AEP. The attached market pricing that we received for a Kentucky Power transaction was 5.40% including underwriting fees.

Indiana Michigan Power/ Kentucky Power**Unsecured Notes: Baa2/BBB**

Maturity (Years)	3	5	7	10	30
Pricing Index	2.625% 11/06	3.375% 12/08	5.00% 2/11	4.25% 11/13	5.375% 02/31
Index Yield (01/06/04 as of 5:30 PM EST)	2.30%	3.24%	3.81%	4.27%	5.10%
Credit Spread (bps)	95 area	97 area	103 area	105 area	120 area
Reoffer Yield	3.25%	4.21%	4.84%	5.32%	6.30%
Swap Spread	46	39	35	38	30
Fixed Swapped to Floating	3mL+ 49	3mL+ 58	3mL+ 68	3mL+ 68	3mL+ 91
Standard Gross Fees	\$3.50	\$6.00	\$6.25	\$6.50	\$8.75
Net Interest Cost	3.37%	4.34%	4.94%	5.40%	6.36%
All-In Fixed Spread (bps)	107 bps	110 bps	113 bps	113 bps	126 bps

Note: 3mL currently 1.15%; Redemption: Either Non-Callable for Life or at a "Make-Whole to USTs".

BANK ONE.

Interest Rate Calculation for KY Inter-company Loan

	5-Year, 6.125% coupon, \$60mm	2-Year, 5.5% coupon, \$15mm
Settlement	5/10/2001	5/10/2001
Maturity	5/15/2006	5/15/2003
Benchmark Treasury	4.881%	4.091%
AEP Spread	1.50%	1.50%
Offering Yield	6.381%	5.591%
Underwriting Cost Spread	0.60%	0.35%
Annualized Underwriting Cost Spread	0.12%	0.175%
All-In Cot (before Option Premium & Expenses)	6.501%	5.766%
Option Premium Spread	0	2.86%
Annualized Option Premium Spread	0	1.430%
All-in Cost (Pre Expenses)	6.501%	4.336%

Fixed Rate Promissory Note

\$60,000,000

May 10, 2001

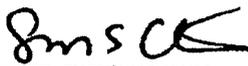
For value received, the undersigned promises to pay to the order of American Electric Power Company ("AEP"), at 1 Riverside Plaza, Columbus, Ohio, the sum of Sixty Million Dollars (\$60,000,000) on May 15, 2006, and to pay interest thereon from the date hereof to maturity at the fixed rate of 6.501% per annum. Interest on the Note will be payable semi-annually on May 15 and November 15 of each year, beginning November 15, 2001. All payments hereunder shall be made in lawful money of the United States and in immediately available funds. Interest shall be calculated on the basis of a year of 360 days.

The Note may be prepaid at any time.

The undersigned agrees to pay all expenses of enforcement, including collection costs and reasonable attorneys' fees in case default is made in the payment of this Note or the Advance evidenced hereby.

This Note shall be construed according to and governed by the laws of the State of Ohio.

KENTUCKY POWER COMPANY

By: 
Geoffrey S. Chatas
Assistant Treasurer



AEP: America's Energy Partner®

Date: April 8, 2005

Subject: Kentucky Power Intercompany Note Redemption

From: Stephan T. Haynes

To: Wendy Hargus

In conjunction with AEP's redemption of \$550 million of its 6.125% Senior Notes, Series A due May 15, 2006; Kentucky Power plans to redeem \$20 million of its 6.501% Fixed Rate Promissory Notes on April 15, 2005 due to AEP, Inc. The current balance outstanding is \$60 million due May 15, 2006. The Promissory Note provides that "the Note may be prepaid at any time".

I hereby give notice to redeem \$20 million of Kentucky Power's intercompany note due 2006 on April 15, 2005.

CC: Renee Hawkins
Paulette Henry
Doreen Hohl
John Huneck
Jana Soward
Pamela Sutton-Hall

KENTUCKY POWER COMPANY
\$20,000,000 5.25% Senior Notes due June 1, 2015

Stated Maturity: June 1, 2015

Interest Rate: 5.25%

Principal Amount: \$20,000,000

Issue Date: January 1, 2003

KENTUCKY POWER COMPANY, a corporation duly organized and existing under the laws of the State of Kentucky (herein referred to as the "Company", which term includes any successor corporation thereto) for value received, hereby promises to pay to AMERICAN ELECTRIC POWER COMPANY, INC. or permitted registered assigns, the principal amount specified above (the "Principal Amount") on the stated maturity specified above (the "Stated Maturity"), and to pay interest on said Principal Amount from the original issue date specified above (the "Original Issue Date") or from the most recent interest payment date (each such date, an "Interest Payment Date") to which interest has been paid or duly provided for, semi-annually in arrears on June 1 and December 1 in each year, commencing June 1, 2004, at the interest rate per annum specified above (the "Interest Rate"), until the Principal Amount shall have been paid or duly provided for. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name this Note shall have been registered at the close of business on the regular record date with respect to such Interest Payment Date, which shall be the May 15 or November 15, as the case may be, immediately preceding such Interest Payment Date.

If any Interest Payment Date, any redemption date or Stated Maturity is not a Business Day, then payment of the amounts due on this Note on such date will be made on the next succeeding Business Day, and no interest shall accrue on such amounts for the period from and after such Interest Payment Date, redemption date or Stated Maturity, as the case may be, with the same force and effect as if made on such date.

Redemption

This Note may not be redeemed by the Company prior to the Stated Maturity while any or all of American Electric Power Company, Inc.'s \$300,000,000 5.25% Senior Notes, Series D due June 1, 2015 (the "AEP Senior Notes") are outstanding.

Transfer

This Note may not be assigned or transferred except to an obligor of the AEP Senior Notes.

Modification

This Note shall not be modified in any material respect except in the event (and to the extent of) any such modification to the terms of the AEP Senior Notes.

No recourse shall be had for the payment of the principal of or the interest on this Note, or for any claim based hereon, or otherwise in respect hereof, against any incorporator, stockholder, officer or director, past, present or future, as such, of the Company or of any predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issuance hereof, expressly waived and released.

IN WITNESS WHEREOF, the Company has caused this Note to be executed as of the date written above.

KENTUCKY POWER COMPANY

By: _____
Title:

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

(PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE)

(PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE, OF

ASSIGNEE) the within Note and all rights thereunder, hereby

irrevocably constituting and appointing such person attorney to

transfer such Note on the books of the Company, with full

power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

Kentucky Power Company

REQUEST

Please provide an electronic (Microsoft Excel) version of Workpapers S-2, S-3, and Schedule 3.

RESPONSE

Please see KIUC 1 st Set Item No. 15.

WITNESS Errol K. Wagner

KENTUCKY POWER COMPANY
American Electric Power
ATTORNEY GENERALS FIRST SET
DATA REQUEST
Case No. 2005-00341

Item No. 210

Please provide the following: a list of all rate of return recommendations provided by Mr. Moul to state and federal regulatory bodies during the calendar years 2003, 2004, and 2005. Please include in the list the following: the company name, the docket number, the filing date, Mr. Moul's recommended return on common equity (ROE), the common equity ratio recommended with Mr. Moul's ROE recommendation, and the ROE adopted by the regulatory commission.

Response

Mr. Moul does not maintain a tabulation of this information. Attached is a list of cases where Mr. Moul submitted testimony during the years 2003, 2004 and 2005.

Witness: Paul R. Moul

Paul R. Moul
List of Testimonies Filed in 2003

Client	Date	Jurisdiction	Docket No.
Atlantic City Electric Co.	1/31/03	New Jersey Board of Public Utilities	Docket No. ER03020110
Tennessee-American Water Co.	2/5/03	Tennessee Regulatory Authority	Case No. 03-00118
Birmingham Utilities Co.	2/10/03	Department of Public Utility Control	Docket No. 03-02-07
Pennsylvania-American Wtr. Co.	4/25/03	Pennsylvania Public Utility Commission	Docket No. R-00038304
South Jersey Gas	8/14/03	New Jersey Board of Public Utilities	Docket No. GR03080683
West Virginia-American Wtr. Co.		Public Service Commission of WV	Case No. 03-0353-W-42T
Delmarva Gas Company	3/14/03	Public Service Commission of Delaware	PSC Docket No. 03-127
Public Service of Oklahoma	10/31/03	Oklahoma Corporation Commission	Cause No. PUD200300076
Philadelphia Suburban Water Co.		Pennsylvania Public Utility Commission	Docket No. R-00038805
AEP Texas Central Co.	11/3/03	The Public Utility Commission of Texas	PUC Docket No. 28840
Potomac Electric Power Co.	12/5/03	The Public Service Commission of MD	Case No. 8995

Paul R. Moul
List of Testimonies Filed in 2004

<u>Client</u>	<u>Date</u>	<u>Jurisdiction</u>	<u>Docket No.</u>
Aquarion Water Co.		Dept. of Public Utility Control	Docket No. 04-02-14
Indiana Gas Company			Cause No. 42598
Vectren Ohio		Public Utilities Commission of Ohio	Case No. 04-794-GA-AAM
York Water Co.		Pennsylvania Public Utility Commission	Docket No. R-00049165
PP&L Electric Utilities	3/29/04	Pennsylvania Public Utility Commission	Docket No. R-00049255
Virginia-American Water Co.		Virginia State Corporation Commission	Case No. PUE-2003-00539
Georgia Power Co.	7/1/04	Georgia Public Service Commission	Docket No. 18300-U
Savannah Electric and Power Co.	11/30/04	Georgia Public Service Commission	Docket No. 19758-U

Paul R. Moul
List of Testimonies Filed in 2005

<u>Client</u>	<u>Date</u>	<u>Jurisdiction</u>	<u>Docket No.</u>
Bay State Gas Co.		Dept. of Telecommunications And Energy	D. T. E. 05-27
AEP-FERC		FERC	Docket No. ER05-751-000
PAWC		Pennsylvania Public Utility Commission	
Northern Border		FERC	Docket No. RP05-____-000
Kentucky Power		Pub. Serv. Commission of the Commonwealth of KY	Case No. 2005-00341
APCO - WV		Public Service Commission of West Virginia	
Boston Edison Company		Department of Telecommunications and Energy	D.T.E. 05-__
NSTAR Gas		Department of Telecommunications and Energy	D.T.E. 05-__
Aqua Pennsylvania		Pennsylvania Public Utility Commission	Docket R-00051030
Columbia of Virginia			Case No. PUE-2005-00000

KENTUCKY POWER COMPANY
American Electric Power
ATTORNEY GENERALS FIRST SET
DATA REQUEST
Case No. 2005-00341

Item No. 211

With reference to page 6, lines 11-22, please provide copies of all studies performed that compare the demand risk for Kentucky Power Company, AEP, and the Electric Group.

Response

Mr. Moul has not performed any demand risk studies for Kentucky Power, AEP, and the Electric Group.

**KENTUCKY POWER COMPANY
American Electric Power
ATTORNEY GENERALS FIRST SET
DATA REQUEST
Case No. 2005-00341**

Item No. 212

With reference to page 7, lines 2-14 please provide copies of all studies performed that compare the capital expenditures of Kentucky Power Company, AEP, and the Electric Group.

Response

See the response to AG-133 for the construction expenditures forecast for KPCO during the years 2005 through 2010. Based upon data revealed to investors analysts presentation or filings with the Sec, the forecast construction expenditures for AEP and the Electric Group are:

Company	Period	Amount	Comment
American Electric Power Co.	2005-2008	\$ 13,411 (\$ millions)	includes committed and discretionary expenditures
Ameren Corp.	2005-2015	\$ 1,400 (\$ millions)	
		\$ 1,900 (\$ millions)	
DTE Energy Co.	2005-2010	\$ 1,600 (\$ millions)	
		\$ 1,800 (\$ millions)	
Exelon	2005	\$ 2,152 (\$ millions)	
FirstEnergy Corp.		\$ 1,000 (\$ millions)	
		\$ 1,100 (\$ millions)	
MGE Energy, Inc.	2005	\$ 60 (\$ millions)	
Vectren Corp.	2005-2008	\$ 1,257 (\$ millions)	
WPS Resources	2005-2007	\$ 1,200 (\$ millions)	
Wisconsin Energy	2005	\$ 824 (\$ millions)	

Witness: Paul R. Moul

**KENTUCKY POWER COMPANY
American Electric Power
ATTORNEY GENERALS FIRST SET
DATA REQUEST
Case No. 2005-00341**

Item No. 213

With reference to page 8, lines 8-15, and page 5 of Exhibit PRM-1, please provide a list of the companies eliminated by each of the screens.

Response

<u>Ticker</u>	<u>Value Line Companies</u>	<u>Similar Business Lines</u>	<u>Publicly Traded Stock</u>	<u>Great Lakes Region</u>	<u>Dividend Reduction or Interruption</u>	<u>Merger Target</u>
AYE	Allegheny Energy			X		
ALE	Allete			X		
LNT	Alliant Energy			X		
AEE	Ameren					
AEP	American Electric Power				X	
ILA	Aquila, Inc.				X	
CHG	CH Energy Group			X		
CV	Central Vermont P.S.			X		
CIN	Cinergy					X
CNL	Cleco Corporation			X		
CMS	CMS Energy Corp.				X	
ED	Consolidated Edison			X		
CEG	Constellation Energy Group			X		
D	Dominion Resources			X		
DPL	DPL, Inc.				X	

Witness: Paul R. Moul

KENTUCKY POWER COMPANY
American Electric Power
ATTORNEY GENERALS FIRST SET
DATA REQUEST
Case No. 2005-00341

DQE	DQE, Inc.	X	
DTE	DTE Energy Co.		
DUK	Duke Energy	X	
EDE	Empire District	X	
EAS	Energy East Corp.	X	
ETR	Entergy Corp.	X	
EXC	Exelon Corp.		
FE	FirstEnergy		
FPL	FPL Group, Inc.	X	
GXP	Great Plains Energy	X	
GMP	Green Mountain Power	X	
MGEE	MGE Energy Inc.		
NI	NiSource, Inc.		X
NU	Northeast Utilities	X	
NOR	Northwestern Corp.	X	
NST	NSTAR	X	
OGE	OGE Energy Corp.	X	
OTTR	Otter Tail Corp.	X	
POM	PEPCO Holdings	X	
PPL	PPL Corporation	X	
PGN	Progress Energy	X	
PEG	P.S. Enterprise Group	X	X

KENTUCKY POWER COMPANY
American Electric Power
ATTORNEY GENERALS FIRST SET
DATA REQUEST
Case No. 2005-00341

SCG	SCANA Corp.	X
SO	Southern Co.	X
TE	TECO Energy, Inc.	X
TXU	TXU Corp.	X
UIL	UIL Holdings	X
VVC	Vectren Corp.	
WR	Westar Energy	X
WEC	Wisconsin Energy	
WPS	WPS Resources	

X Signifies elimination

Witness: Paul R. Moul

KENTUCKY POWER COMPANY
American Electric Power
ATTORNEY GENERALS FIRST SET
DATA REQUEST
Case No. 2005-00341

Item No. 214

With reference to page 11, lines 1-7, please provide the individual company data used in computing the coefficients of variation for AEP and the Electric Group.

Response

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>Average</u>	<u>Standard Deviation</u>	<u>Coefficient of Variation</u>
American Electric Power Co.	13.8%	7.0%	0.3%	12.3%	4.6%	7.6%	5.5%	0.724
Ameren Corp.	10.4%	12.3%	10.6%	14.5%	14.5%			
DTE Energy Co.	8.2%	9.7%	13.8%	7.6%	11.8%			
Exelon	20.5%	9.8%	21.1%	18.5%	12.6%			
FirstEnergy Corp.	10.4%	5.5%	8.7%	10.9%	13.0%			
MGE Energy, Inc.	11.3%	12.5%	13.2%	13.1%	14.2%			
Vectren Corp.	10.0%	11.5%	13.3%	8.5%	13.8%			
WPS Resources	14.6%	12.0%	14.6%	12.3%	12.4%			
Wisconsin Energy	5.0%	10.9%	8.0%	10.2%	7.7%			
Group Average	11.3%	10.5%	12.9%	12.0%	12.5%	11.8%	1.0%	0.084

Witness: Paul R. Moul

KENTUCKY POWER COMPANY
American Electric Power
ATTORNEY GENERALS FIRST SET
DATA REQUEST
Case No. 2005-00341

Item No. 215

With reference to page 13, lines 7-12, please provide an assessment of the relative riskiness of Kentucky Power Company, AEP, and the Electric Group.

Response

Overall, AEP could be considered somewhat more risky than the Electric Group. Kentucky Power shares some of the risk characteristics of each, but is considerably smaller, which adds to its risk. From a financial risk perspective, the risk of Kentucky Power is closer to AEP than the Electric Group because Kentucky Power has much more financial leverage than the Electric Group.

Witness: Paul R. Moul

KENTUCKY POWER COMPANY
American Electric Power
ATTORNEY GENERALS FIRST SET
DATA REQUEST
Case No. 2005-00341

Item No. 216

With reference to page 19, lines 1-11, please provide copies of all studies performed that compare GDP growth to the earnings growth rates of Kentucky Power Company, AEP, and the Electric Group.

Response

GDP growth was not compared to the earnings growth of Kentucky Power, AEP, and the Electric Group. As stated in the testimony, GDP growth was compared to the growth in pre-tax corporate profits. The comparison is provided on the schedule that is attached.

Growth in U.S. Gross Domestic Product and Corporate Profits
1929 to 2004

Year	GDP (\$billion)	Change (\$billion)	Growth%	Corporate Profits (\$billion)	Change (\$billion)	Growth%
1929	103.6			10.8		
1930	91.2	-12.4	-11.97%	7.5	-3.3	-30.56%
1931	76.5	-14.7	-16.12%	2.9	-4.6	-61.33%
1932	58.7	-17.8	-23.27%	-0.2	-3.1	NMF
1933	56.4	-2.3	-3.92%	-0.1	0.1	NMF
1934	66.0	9.6	17.02%	2.5	2.6	NMF
1935	73.3	7.3	11.06%	4.0	1.5	60.00%
1936	83.8	10.5	14.32%	6.2	2.2	55.00%
1937	91.9	8.1	9.67%	7.1	0.9	14.52%
1938	86.1	-5.8	-6.31%	5.0	-2.1	-29.58%
1939	92.2	6.1	7.08%	6.6	1.6	32.00%
1940	101.4	9.2	9.98%	9.8	3.2	48.48%
1941	126.7	25.3	24.95%	15.5	5.7	58.16%
1942	161.9	35.2	27.78%	20.6	5.1	32.90%
1943	198.6	36.7	22.67%	24.9	4.3	20.87%
1944	219.8	21.2	10.67%	24.9	0.0	0.00%
1945	223.1	3.3	1.50%	20.3	-4.6	-18.47%
1946	222.3	-0.8	-0.36%	17.8	-2.5	-12.32%
1947	244.2	21.9	9.85%	23.7	5.9	33.15%
1948	269.2	25.0	10.24%	31.2	7.5	31.65%
1949	267.3	-1.9	-0.71%	29.1	-2.1	-6.73%
1950	293.8	26.5	9.91%	36.0	6.9	23.71%
1951	339.3	45.5	15.49%	41.2	5.2	14.44%
1952	358.3	19.0	5.60%	39.3	-1.9	-4.61%
1953	379.4	21.1	5.89%	39.7	0.4	1.02%
1954	380.4	1.0	0.26%	38.8	-0.9	-2.27%
1955	414.8	34.4	9.04%	49.5	10.7	27.58%
1956	437.5	22.7	5.47%	48.5	-1.0	-2.02%
1957	461.1	23.6	5.39%	48.4	-0.1	-0.21%
1958	467.2	6.1	1.32%	43.5	-4.9	-10.12%
1959	506.6	39.4	8.43%	55.7	12.2	28.05%
1960	526.4	19.8	3.91%	53.8	-1.9	-3.41%
1961	544.7	18.3	3.48%	54.9	1.1	2.04%
1962	585.6	40.9	7.51%	63.3	8.4	15.30%
1963	617.7	32.1	5.48%	69.0	5.7	9.00%
1964	663.6	45.9	7.43%	76.5	7.5	10.87%
1965	719.1	55.5	8.36%	87.5	11.0	14.38%
1966	787.8	68.7	9.55%	93.2	5.7	6.51%
1967	832.6	44.8	5.69%	91.3	-1.9	-2.04%
1968	910.0	77.4	9.30%	98.8	7.5	8.21%
1969	984.6	74.6	8.20%	95.4	-3.4	-3.44%
1970	1038.5	53.9	5.47%	83.6	-11.8	-12.37%
1971	1127.1	88.6	8.53%	98.0	14.4	17.22%
1972	1238.3	111.2	9.87%	112.1	14.1	14.39%
1973	1382.7	144.4	11.66%	125.5	13.4	11.95%
1974	1500.0	117.3	8.48%	115.8	-9.7	-7.73%
1975	1638.3	138.3	9.22%	134.8	19.0	16.41%
1976	1825.3	187.0	11.41%	163.3	28.5	21.14%
1977	2030.9	205.6	11.26%	192.4	29.1	17.82%
1978	2294.7	263.8	12.99%	216.6	24.2	12.58%
1979	2563.3	268.6	11.71%	223.2	6.6	3.05%
1980	2789.5	226.2	8.82%	201.1	-22.1	-9.90%
1981	3128.4	338.9	12.15%	226.1	25.0	12.43%
1982	3255.0	126.6	4.05%	209.7	-16.4	-7.25%
1983	3536.7	281.7	8.65%	264.2	54.5	25.99%
1984	3933.2	396.5	11.21%	318.6	54.4	20.59%
1985	4220.3	287.1	7.30%	330.3	11.7	3.67%
1986	4462.8	242.5	5.75%	319.5	-10.8	-3.27%
1987	4739.5	276.7	6.20%	368.8	49.3	15.43%
1988	5103.8	364.3	7.69%	432.6	63.8	17.30%
1989	5484.4	380.6	7.46%	426.6	-6.0	-1.39%
1990	5803.1	318.7	5.81%	437.8	11.2	2.63%
1991	5995.9	192.8	3.32%	451.2	13.4	3.06%
1992	6337.7	341.8	5.70%	479.3	28.1	6.23%
1993	6657.4	319.7	5.04%	541.9	62.6	13.06%
1994	7072.2	414.8	6.23%	600.3	58.4	10.78%
1995	7397.7	325.5	4.60%	696.7	96.4	16.06%
1996	7816.9	419.2	5.67%	786.2	89.5	12.85%
1997	8304.3	487.4	6.24%	868.5	82.3	10.47%
1998	8747.0	442.7	5.33%	801.6	-66.9	-7.70%
1999	9268.4	521.4	5.96%	851.3	49.7	6.20%
2000	9817.0	548.6	5.92%	817.9	-33.4	-3.92%
2001	10128.0	311.0	3.17%	767.3	-50.6	-6.19%
2002	10487.0	359.0	3.54%	874.6	107.3	13.98%
2003	11004.0	517.0	4.93%	1021.1	146.5	16.75%
2004	11735.0	731.0	6.64%	1181.6	160.5	15.72%
Average			6.77%			8.87%
Average since 1934			7.80%			10.44%
NMF = not meaningful figure						2.10%
						2.64%

Source: U. S. Department of Commerce, Survey of Current Business

KENTUCKY POWER COMPANY
American Electric Power
ATTORNEY GENERALS FIRST SET
DATA REQUEST
Case No. 2005-00341

Item No. 217

With reference to page 20, lines 1-2, please provide copies of the source documents for the GDP forecasts.

Response

A copy of the source document is attached.

Witness: Paul R. Moul

DISPOSABLE PERSONAL INCOME
NOTE YIELDS 3-MONTH PERSONAL CONSUMPTION
EXPENDITURE PRE-TAX CORPORATE PROFITS
NON-RESIDENTIAL FIXED INVESTMENTS
BUSINESS INVENTORIES NET EXPORTS
UNEMPLOYMENT 3-MONTH TREASURY BILL
PRICE HOUSING STARTS AUTO AND TRUCK
REAL GROSS DOMESTIC PRODUCT NOMINAL
PRICE INDEX CONSUMER PRICE INDEX
GDP GDP PRICE INDEX CONSUMER PRICE
PRODUCTIVITY INDUSTRIAL PRODUCTION
DISPOSABLE PERSONAL INCOME 10-YEAR
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EXPENDITURE PRE-TAX CORPORATE PROFITS

BLUE CHIP ECONOMIC INDICATORS

Top Analysts' Forecasts of the U.S. Economic Outlook For The Year Ahead

Vol. 30, No. 3 March 10, 2005

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Consensus Forecast Of 2005 GDP Growth Rose This Month

Domestic Commentary Consensus estimates of real and current dollar GDP growth in 2005 rose this month as analysts reacted to an upward revision in the pace of Q4 2004 growth and signs that growth in Q1 of this year will surpass earlier expectations. Based on our March 2nd and 3rd survey results, the consensus now predicts real GDP will increase 3.7% in calendar year 2005, 0.1 of a percentage point better than a month ago. Growth in nominal GDP is now put at 5.8% this year, 0.2 of a point better than in February. Real GDP on a fourth quarter-over-fourth quarter basis (Q4/Q4) is expected to expand by 3.6% this year compared with growth of 3.9% in 2004. Increased optimism about the pace of business investment, corporate profits and the residential construction were the primary contributors to the upward revision in this month's forecast of GDP growth in 2005.

Real GDP grew at an upwardly revised rate of 3.8% in Q4 of last year, closely in line with the average quarterly pace in 2004 and 0.7 of a point faster than was initially estimated by government statisticians. While growth in real personal consumption expenditures (PCE) was revised downward, the drop was more than offset by upward revisions to inventories, business investment and exports.

More recently, data for January and February suggest healthy growth continued in the early months of this year. While real PCE fell 0.2% in January due to a sharp pullback in vehicle sales, the level of consumption remained comfortable above its Q4 average due to the outsized gain of 0.9% registered in December. Moreover, auto sales edged up in February -- thought not by much -- and same-store retail sales were robust, likely fed by healthy levels of federal income tax refunds and the continued improvement in job growth. Indeed, nonfarm payrolls jumped by 262,000 in February, almost double the revised January increase of 132,000. The unemployment rate nevertheless rebounded by 0.2 of a point to 5.4% as more people began to look for work.

Elsewhere, manufacturing output increased a solid 0.5% in January despite a 1.9% decline in the production of autos and auto parts and the capacity utilization rate for manufacturing rose to its highest level since December 2000. The Institute of Supply Management's (ISM) index of activity in the factory sector did slip again in February, falling to 55.3%, its lowest level since last July. However, the ISM reports that the February level of its index was consistent with real GDP growth of 4.6%. Moreover, many analysts suspect the slide in the ISM index since it peaked in January 2004 is largely explained by an adjustment in business inventory levels that is close to being completed. As a result, they predict the index will soon bottom near current levels and resume its cyclical upturn.

Continued strength in business investment further bolsters the case for renewed strength in manufacturing activity. Investment in equipment and software rose at an upwardly revised pace of 18% in Q4 of last year and early data suggest Q1 growth may be similarly robust. Non-defense and non-aircraft orders for capital goods rose 2.9% and 3.4%, respectively in January and December while shipments of non-defense and non-aircraft capital goods increased 3.7% in January after rising 3.1% in December. The January jump in non-defense and non-aircraft shipments left this series growing at almost a 21% annualized rate above its Q4 average. It's likely that remarkably steady GDP growth over the past year is alleviating corporate boardroom jitters about the economy, and combined with good growth in corporate profits, spurring stepped-up demand for business equipment.

Early 2005 activity in the service sector also looks solid. The ISM's index of activity in the non-manufacturing (service) sector rose to 59.8 in February, near its average of 61.9 over the last 12 months. Moreover, the employment sub-index jumped a large 7.4 points to its highest level since the series inception in 1997. The new orders sub-index rose 1.1 points to 61.6, the high end of the tight range it has maintained over the past year.

Residential construction activity has also surprised on the upside of late. Housing starts unexpectedly jumped 4.7% in January to a record an-

nualized rate of 2.159 million units. Moreover, the rise came on top of an upwardly revised gain of 14.4% in December. Starts of single-family homes rose a more modest 2.7% in January, but still increased to a record high rate of 1.760 million units. While new and existing home sales fell in January, some of the drop was likely attributable to a massive 40.3% drop in new home sales in Midwestern states where winter storms raged.

Reflecting the generally upbeat data of late the consensus now predicts real GDP will grow at an annualized rate of 3.7% in Q1 of this year, 0.2 of a point faster than was estimated a month ago. A growth rate of 3.6% is predicted in the two following quarters -- the Q3 estimate up 0.1 of a point from a month earlier. Real GDP growth in Q4 will slow to 3.4%, down 0.1 of a point from the February estimate.

As for the mix of economic growth this year, real PCE is expected to expand at annualized rates of 3.0% in Q1, 3.2% in Q2 and Q3 and 3.1% in Q4. In calendar year 2005, real PCE is expected to increase 3.4% versus the 3.8% rise registered last year. Sales of autos and trucks are expected to total 17.0 million units versus 17.3 million in 2004. Housing starts will total 1.86 million units this year, the estimate up slightly from a month ago but still 4.6% below the 2004 total. Supporting PCE growth will be a 3.4% calendar year increase in real disposable personal income (DPI) that compares with growth of 3.5% in 2004. Nonresidential fixed investment (business structures, equipment and software) is now predicted to record growth of 9.9% this year, 1.1 percentage points better than was estimated a month ago and just 0.7 of a point less than in 2004. Solid demand by consumers and businesses is expected to keep factories humming and produce a 4.0% rise in total industrial production this year versus the 4.1% gain in 2004. The real net export deficit will widen by a further 5.4% this year to \$615.9 billion, according to the consensus.

Somewhat inexplicably, consensus forecasts of inflation this year went unaltered this month despite bigger than expected increases in some of the January data and sharp gains in crude oil and gasoline prices over the past several weeks. The consensus continued to predict the Consumer Price Index will rise 2.5% in calendar year 2005 and increase 2.2% on a Q4/Q4 basis versus respective jumps of 2.7% and 3.4% last year. The GDP price index is predicted to rise 2.0% during the calendar year and 1.9% Q4/Q4. However, the core "finished goods" Producer Price Index surged 0.8% in January. That marked the biggest monthly gain since December 1998 and left the series rising at its fastest y/y pace since November 1995. While the core Consumer Price Index rose a relatively tame 0.2% in January, the y/y rate of increase rose to 2.3%, the highest level since August 2002. Moreover, the core PCE deflator jumped an even larger 0.3% in January.

The consensus continues to predict that the Federal Reserve -- confronted with above-trend growth, somewhat slower productivity and possible further rises in core inflation -- will continue to tighten monetary policy over the coming year. Officials are expected to hike the federal funds rate target by another 100 to 125 basis points to 3.50%-3.75% by the end of 2005.

International Commentary After contracting in the final three quarters of 2004, Japan's economy is expected to resume growing in Q1 of this year and post calendar year growth of 1.2%. The consensus forecast of 2005 GDP growth in the Eurozone slipped again this month and now stands at 1.6%. Canadian GDP will grow 3.0% this year, says the consensus (*see pages 6 and 7 for international forecasts*).

Special Questions This issue contains our latest long-range survey results. On page 14 are forecasts for all the variables found on pages 2 and 3 for the years 2007 through 2011 and an average for the five-year period 2012-2016. Page 15 compares our most recent survey results with those obtained last October and the latest estimates of the Bush Administration and the Congressional Budget Office.

2005 Real GDP Consensus Forecast Rises To 3.7%

March 2005 Forecast For 2005 SOURCE:	Percent Change 2005 From 2004 (Year-Over-Year)									Average For 200:					
	1	2	3	4	5	6	7	8	9	10	11	Housing Starts (Mil.)	Auto/Truck Sales (Mil.)	Net Exports (2000 \$)	
	Real GDP (Chained) (2000 \$)	GDP Price Index	Nominal GDP (Cur. \$)	Consumer Price Index	Indust. Prod. (Total)	Dis. Pers. Income (2000 \$)	Personal Cons. Exp (2000 \$)	Non-Res. Fix. Inv. (2000 \$)	Corp. Profits (Cur. \$)	Treas. Bills 3-mo.	Treas. Notes 10-Year				Unempl. Rate (Civ.)
Conference Board*	4.4 H	1.9	6.4 H	3.4 H	5.6 H	4.0	3.8	12.5	23.6	3.1	4.5	4.9 L	1.83	17.3	-600.8
Action Economics	4.2	2.4	6.7	2.6	3.9	4.0	3.7	11.2	12.8	3.1	4.6	5.2	2.06	17.2	-620.9
Classicalprinciples.com	4.2	1.9	6.1	2.4	3.9	2.5	na	na	7.5	3.4	4.9	5.1	na	16.9	na
Deutsche Bank Securities	4.0	2.1	6.2	2.5	3.1	4.6	3.7	10.7	na	3.5	4.9	5.1	na	na	-633.7
Macroeconomic Advisers, LLC**	4.0	1.9	6.1	2.3	4.3	3.7	3.7	11.0	25.2	3.1	4.6	5.2	1.90	17.3	-607.4
Eaton Corporation	4.0	1.8	5.8	2.6	4.8	3.3	3.1 L	10.4	9.0	3.1	4.4	5.3	1.87	17.1	-554.0 H
National City Corporation	4.0	1.7 L	5.7	2.2	3.9	3.6	3.6	13.1 H	6.9	2.9	4.6	5.1	1.87	17.3	-617.7
Bear, Stearns & Co., Inc.	3.9	2.4	6.4	2.9	4.1	3.1	4.1 H	9.6	7.6	3.5	4.9	5.0	1.85	17.0	-651.5
U.S. Chamber of Commerce	3.9	2.0	6.0	2.4	4.2	1.9 L	3.8	11.5	na	3.2	4.9	5.1	1.91	na	-642.2
Nomura Securities	3.9	2.0	6.0	2.3	4.1	3.0	3.5	11.8	12.0	3.1	4.7	5.2	1.81	17.4	-595.0
J P MorganChase	3.9	1.9	5.9	2.4	4.7	3.9	3.9	11.5	6.7	3.3	4.9	5.1	1.75	16.7	-647.8
National Assn. of Home Builders	3.9	1.9	5.9	2.4	4.0	3.7	3.5	10.0	10.0	3.0	4.5	5.3	1.90	17.3	-605.3
Morgan Stanley	3.9	1.9	5.8	2.7	4.4	5.1 H	3.6	12.5	11.5	3.2	4.8	5.2	1.98 H	16.9	-629.9
Mesirow Financial	3.9	1.8	5.8	2.2	3.6	4.4	3.7	11.9	20.0	2.8	4.5	5.3	1.84	16.6	-634.0
National Assn. of Realtors	3.9	1.7 L	5.6	2.5	4.3	3.9	3.7	8.9	9.9	3.0	4.5	5.1	1.92	17.5 H	-598.0
Goldman Sachs	3.8	2.3	6.2	2.6	3.8	3.5	3.5	10.7	9.0	3.1	4.8	5.1	1.88	17.2	-603.1
Banc of America Corp.*	3.8	2.2	6.0	2.4	3.8	3.6	3.7	9.0	9.0	3.1	4.5	5.3	1.85	17.1	-617.0
Moody's Investors Service	3.8	2.1	6.0	2.5	4.1	3.5	3.7	8.2	10.4	3.2	4.6	5.1	1.89	17.1	-603.0
Stanford Washington Research Group*	3.8	2.0	5.9	2.4	4.0	3.6	3.6	11.5	11.0	3.1	4.6	5.3	1.87	17.2	-617.0
Wayne Hummer Investments LLC*	3.8	2.0	5.9	2.5	4.4	3.7	3.6	9.3	9.3	3.0	4.7	5.2	1.80	17.4	-603.0
Fannie Mae	3.8	2.0	5.8	2.3	4.3	3.6	3.7	10.2	12.3	3.1	4.5	5.2	1.85	na	-601.5
U.S. Trust Co.	3.8	1.7 L	5.6	2.4	5.1	3.6	3.5	8.6	8.9	3.4	4.5	5.1	1.94	16.8	-629.8
Wachovia	3.7	2.2	6.1	2.8	4.5	4.0	3.3	10.5	10.4	3.3	4.5	5.2	1.84	16.9	-621.0
Turning Points (Micrometrics)	3.7	2.2	5.9	2.5	3.5	3.1	3.4	12.1	7.5	3.2	4.6	5.2	1.97	17.1	-640.8
Credit Suisse First Boston	3.7	1.8	5.6	2.6	4.0	na	3.4	9.7	na	na	4.5	5.2	na	na	-633.5
Standard & Poors Corp.*	3.7	1.8	5.6	2.0	3.6	3.3	3.5	6.1 L	32.7 H	3.0	4.6	5.1	1.84	16.7	-629.9
Merrill Lynch Economics	3.7	1.8	5.3	2.2	3.6	3.6	3.7	9.2	na	3.3	4.4	5.3	1.91	16.4	-624.8
SOM Economics, Inc.	3.6	2.1	5.8	2.8	3.9	3.0	3.2	8.5	8.5	3.1	4.5	5.1	1.95	17.5 H	-611.0
Wells Capital Management	3.6	2.1	5.8	2.6	3.9	2.9	3.2	11.9	5.7	3.1	4.6	5.2	1.84	17.1	-573.0
LaSalle National Bank	3.6	2.0	5.7	2.1	4.3	4.7	3.2	9.1	9.5	3.2	4.8	5.2	1.70 L	17.4	-584.8
Comerica Bank*	3.6	2.0	5.6	2.6	4.1	3.6	3.5	8.0	10.5	3.2	4.6	5.3	1.85	17.0	-611.0
Prudential Equity Group, LLC	3.6	1.9	5.6	2.4	4.4	3.0	3.3	8.6	9.1	3.2	4.6	5.2	1.83	na	-620.0
UBS Warburg	3.6	1.7 L	5.4	2.1	4.7	3.5	3.3	10.4	5.8	3.6 H	4.8	5.3	1.83	na	-614.0
edEx Corporation	3.5	2.5 H	6.0	3.0	3.7	4.0	3.5	9.0	6.3	3.1	5.1	5.3	1.90	16.7	-595.0
W. Coons Advisors	3.5	2.2	5.8	2.8	4.3	3.3	3.3	12.3	5.9	2.9	4.5	5.4	1.85	17.5	-643.0
Econoclast	3.5	2.1	5.6	2.2	4.0	3.0	3.1 L	8.0	9.0	2.9	4.4	5.3	1.74	16.9	-615.0
Perna Associates	3.5	2.0	5.6	2.7	3.7	3.3	3.3	10.6	5.4	3.1	4.9	5.1	1.91	16.7	-651.0
DuPont**	3.5	2.0	5.6	2.5	3.5	3.2	3.2	9.9	9.8	3.1	4.4	5.2	1.85	17.0	-616.0
Kellner Economic Advisers	3.5	2.0	5.5	2.5	4.2	3.1	3.2	8.0	9.5	3.0	4.5	5.3	1.79	17.0	-600.0
General Motors Corporation	3.5	1.9	5.6	2.4	3.9	3.3	3.2	9.9	9.8	3.1	4.6	5.4	1.85	na	-594.2
Motorola	3.5	1.8	5.4	2.0 L	3.4	2.8	3.4	9.7	na	3.1	4.7	5.2	1.85	17.2	-620.1
Global Insight	3.5	1.8	5.4	2.0 L	3.4	2.8	3.4	9.7	6.2	3.0	4.6	5.2	1.84	16.9	-620.0
ClearView Economics	3.5	1.8	5.3	2.8	4.4	2.7	3.4	9.7	6.8	3.1	4.5	4.9 L	1.89	17.1	-622.0
DaimlerChrysler AG	3.5	1.8	5.3	2.2	3.7	3.3	3.6	9.2	3.6 L	2.8	4.4	5.2	1.87	na	-607.8
BMO Nesbitt Burns	3.4	2.3	5.9	2.3	3.4	4.4	3.3	9.4	7.6	3.3	4.6	5.2	1.82	16.9	-616.0
Eggert Economic Enterprises, Inc.	3.4	2.2	5.6	2.4	4.3	3.4	3.1 L	8.6	9.5	2.9	4.8	5.3	1.75	17.5 H	-602.2
Northern Trust Company	3.4	2.0	5.5	2.6	3.2	na	3.2	10.5	na	3.2	4.5	5.4	1.85	16.3 L	-643.0
Inforum - Univ. of Maryland	3.4	2.0	5.5	2.6	4.2	2.5	3.1 L	9.2	3.7	3.0	4.7	5.3	1.90	17.0	-574.0
Naroff Economic Advisers	3.3	2.5 H	5.9	2.6	3.8	2.8	3.1 L	7.6	8.0	3.3	5.2 H	5.1	1.81	17.1	-595.0
Ford Motor Company*	3.3	2.0	5.4	2.4	3.4	3.0	3.3	7.9	na	3.2	4.6	5.3	1.81	na	-600.9
Swiss Re	3.3	1.9	5.4	2.6	4.4	3.3	3.3	10.0	7.3	3.3	4.5	5.0	1.93	17.0	-633.0
Daiwa Institute of Research America	3.2 L	2.4	5.6	2.7	4.7	3.6	3.7	9.6	11.5	2.4 L	4.2 L	5.6 H	1.94	16.9	-677.0 L
Georgia State University*	3.2 L	1.9	5.2 L	2.3	3.6	2.5	3.3	9.5	8.6	3.0	4.7	5.3	1.79	17.5 H	-630.1
UCLA Business Forecasting Proj.*	3.2 L	1.9	5.2 L	2.4	2.8 L	2.9	3.1 L	8.7	27.7	2.8	4.6	5.4	1.79	16.5	-613.2
2005 Consensus: March Avg.	3.7	2.0	5.8	2.5	4.0	3.4	3.4	9.9	10.4	3.1	4.6	5.2	1.86	17.0	-615.9
Top 10 Avg.	4.0	2.3	6.2	2.9	4.7	4.3	3.8	12.1	18.8	3.4	4.9	5.4	1.94	17.4	-586.3
Bottom 10 Avg.	3.3	1.8	5.3	2.1	3.3	2.6	3.1	8.0	5.6	2.8	4.4	5.0	1.77	16.6	-646.4
February Avg.	3.6	2.0	5.6	2.5	4.1	3.3	3.5	8.8	10.1	3.0	4.7	5.3	1.83	17.1	-608.8
Historical Data: 2001	0.8	2.4	3.2	2.8	-3.6	1.9	2.5	-4.2	-6.2	3.4	5.0	4.7	1.60	17.5	-399.1
2002	1.9	1.7	3.5	1.6	-0.3	3.1	3.1	-8.9	14.0	1.6	4.6	5.8	1.71	17.1	-472.1
2003	3.0	1.8	4.9	2.3	0.0	2.3	3.3	3.3	16.8	1.0	4.0	6.0	1.85	17.0	-518.5
2004	4.4	2.2	6.6	2.7	4.1	3.5	3.8	10.6	na	1.4	4.3	5.5	1.95	17.3	-584.3
Number Of Forecasts Changed From A Month Ago:															
Down	5	13	13	20	21	14	23	2	13	6	28	28	1	15	28
Same	12	24	10	19	18	14	13	10	16	28	17	24	16	22	7
Up	37	17	31	15	15	24	16	41	18	19	9	2	34	8	18
March Median	3.7	2.0	5.8	2.5	4.0	3.4	3.4	9.7	9.0	3.1	4.6	5.2	1.85	17.1	-616.0
March Diffusion Index	80 %	54 %	67 %	45 %	44 %	60 %	43 %	87 %	55 %	62 %	32 %	26 %	82 %	42 %	41 %

*Former winner of annual Lawrence R. Klein Award for Blue Chip Forecast Accuracy **Denotes two-time winner.

MARCH 10, 2005 ■ BLU

2006 Real GDP Consensus Forecast Remains At 3.4%

March 2005 Forecast For 2006 SOURCE:	Percent Change 2006 From 2005 (Year-Over-Year)									Average For 2005			Total Units-2006-		-2006-
	1 Real GDP (Chained) (2000 \$)	2 GDP Price Index	3 Nominal GDP (Cur. \$)	4 Consumer Price Index	5 Indust. Prod. (Total)	6 Dis. Pers. Income (2000 \$)	7 Personal Cons. Exp (2000 \$)	8 Non-Res. Fix. Inv. (2000 \$)	9 Corp. Profits (Cur. \$)	10 Treas. Bills 3-mo.	11 Treas. Notes 10-Year	12 Unempl. Rate (Civ.)	13 Housing Starts (Mil.)	14 Auto/Truck Sales (Mil.)	15 Net Exports (2000 \$)
Morgan Stanley	4.1 H	2.0	6.2	2.6	5.9 H	4.9	3.3	11.1	6.3	4.3	5.4	5.0	1.81	17.2	-594.3
Action Economics	4.0	2.6	6.7	2.7	4.0	4.0	3.7 H	8.6	8.1	4.6	5.2	4.9	1.93	17.6	-612.0
Mesirow Financial	4.0	1.4	5.5	1.9	3.6	3.6	3.4	12.2 H	14.8 H	3.8	5.4	5.1	1.53 L	16.4 L	-659.0
Banc of America Corp.*	3.8	2.3	6.1	2.2	3.6	3.4	3.2	7.0	10.0	4.0	4.9	5.0	1.85	17.4	-595.0
Deutsche Bank Securities	3.8	2.2	6.0	2.2	2.7	3.8	2.9	6.5	na	5.0 H	5.8	4.9	na	na	-576.5
U.S. Chamber of Commerce	3.8	1.9	5.8	2.1	5.1	4.1	3.5	4.8	na	4.6	6.0	5.0	1.76	na	-632.0
Macroeconomic Advisers, LLC**	3.8	1.7	5.6	2.0	5.2	4.1	3.4	8.8	4.8	4.1	5.3	5.0	1.76	17.3	-569.4
National Assn. of Realtors	3.8	1.7	5.5	2.4	5.0	4.3	3.3	6.8	4.7	3.9	5.2	4.9	1.81	17.4	-548.0
Nomura Securities	3.8	1.6	5.5	2.2	3.1	4.0	3.4	9.8	7.0	3.5	5.1	5.0	1.75	17.4	-564.0
Fannie Mae	3.7	1.8	5.6	2.0	5.2	3.8	3.4	8.8	5.4	4.1	4.8	5.1	1.82	na	-582.4
Georgia State University*	3.7	1.6	5.4	1.6	4.9	4.0	3.4	7.2	3.9	3.7	5.4	5.2	1.67	18.1 H	-586.4
Credit Suisse First Boston	3.7	1.6	5.3	2.5	4.0	na	3.0	6.0	na	na	na	na	na	na	-629.4
Bear, Stearns & Co., Inc.	3.6	2.9 H	6.6 H	2.9	4.1	3.9	3.7 H	7.6	7.2	4.9	5.6	4.8	1.75	17.5	-672.9
Conference Board*	3.6	2.2	5.9	4.0 H	4.9	3.2	3.3	9.9	2.9	4.6	4.9	4.6	1.67	17.9	-579.9
Comerica Bank*	3.6	2.2	5.8	2.6	3.9	3.7	3.6	7.0	8.5	4.4	5.4	5.1	1.70	17.0	-605.0
National Assn. of Home Builders	3.6	1.9	5.5	2.2	3.9	3.5	3.3	7.7	6.0	4.0	5.3	5.1	1.82	17.4	-582.0
National City Corporation	3.6	1.6	5.3	2.4	3.5	3.5	3.4	9.0	2.2	3.8	5.4	5.0	1.76	17.5	-604.9
Moody's Investors Service	3.5	2.3	5.8	2.7	4.2	3.0	3.2	6.8	8.0	4.5	5.4	4.7	1.70	16.9	-599.0
Eaton Corporation	3.5	1.4	5.0	2.2	4.7	3.3	2.8	9.3	8.8	3.9	4.6	5.2	1.76	17.5	-539.8
Wells Capital Management	3.4	2.4	5.8	2.9	4.0	3.0	2.8	10.2	5.6	3.7	4.8	5.1	1.72	16.7	-545.0
J P MorganChase	3.4	2.2	5.6	2.5	4.2	3.9	3.3	8.8	6.1	4.5	5.9	4.9	1.61	16.5	-645.0
Wayne Hummer Investments LLC*	3.4	2.1	5.6	2.5	4.2	3.4	3.2	8.6	6.1	3.6	5.3	5.0	1.69	16.9	-579.0
ClearView Economics	3.4	1.8	5.2	2.8	4.2	3.4	2.9	6.8	6.1	4.1	4.9	4.4 L	1.71	16.9	-621.0
Perma Associates	3.3	2.6	6.0	3.1	3.9	3.3	3.2	7.5	7.9	3.7	5.7	5.0	1.73	16.8	-669.0
Wachovia	3.3	2.6	6.0	2.8	4.8	3.0	2.7	8.7	5.1	4.6	5.6	5.1	1.77	17.1	-617.0
J.W. Coons Advisors	3.3	2.0	5.4	2.2	3.2	3.5	3.3	6.5	7.4	3.8	4.9	5.5	1.75	17.3	-674.0
Stanford Washington Research Group*	3.3	1.9	5.3	2.4	4.7	3.7	3.1	8.2	2.3	4.0	5.2	5.1	1.69	17.1	-571.0
Inforum - Univ. of Maryland	3.3	1.9	5.3	2.4	3.9	3.2	3.0	5.8	8.1	3.7	5.3	5.2	1.84	17.2	-550.0
LaSalle National Bank	3.3	1.8	5.2	1.6	2.8	5.2 H	2.9	6.9	7.5	3.8	5.0	5.3	1.70	17.6	-518.9 H
Standard & Poors Corp.*	3.3	1.8	5.1	1.7	3.6	3.4	2.9	2.9 L	0.3	3.7	5.3	5.1	1.70	16.8	-571.8
General Motors Corporation	3.3	1.8	5.1	2.6	5.0	3.7	3.1	7.4	2.4	4.1	5.3	5.5	1.60	na	-537.7
DaimlerChrysler AG	3.3	1.6	4.9	2.1	3.3	3.0	3.0	5.5	5.9	3.1	4.7	5.2	1.79	na	-577.8
Ernst & Young	3.3	1.3 L	4.6	1.7	3.6	3.8	3.0	3.7	na	na	na	5.3	1.76	16.4 L	-563.8
FedEx Corporation	3.2	2.6	5.8	3.1	3.6	3.0	3.2	6.9	8.3	3.8	5.8	5.1	1.85	16.5	-588.0
Eggert Economic Enterprises, Inc.	3.2	2.3	5.5	2.5	4.1	3.5	3.0	7.8	8.0	3.3	5.4	5.2	1.68	17.3	-585.0
Turning Points (Micrometrics)	3.2	2.2	5.4	2.3	4.0	2.7	3.0	9.0	11.7	4.0	5.4	5.1	1.96 H	17.5	-668.7
Swiss Re	3.2	1.6	4.9	2.2	4.2	3.0	2.6	9.3	5.5	4.1	5.3	4.7	1.89	17.0	-642.0
Classicalprinciples.com	3.2	1.5	4.7	1.7	1.6 L	2.8	na	na	4.8	4.4	5.4	5.1	na	17.3	na
Goldman Sachs & Co.	3.1	2.6	5.8	2.5	4.2	3.7	2.6	7.7	3.4	3.9	5.4	5.0	1.67	na	-545.4
BMO Nesbitt Burns	3.1	2.1	5.3	2.4	3.1	3.3	2.5	7.3	5.0	4.4	4.8	5.0	1.68	16.7	-585.0
UBS Warburg	3.1	2.0	5.2	2.3	4.7	3.4	2.2 L	9.4	3.0	4.2	5.0	5.2	1.80	na	-614.0
Global Insight	3.1	1.7	4.9	1.6 L	2.8	3.2	2.9	7.0	2.3	3.4	5.1	5.2	1.71	17.1	-568.2
Motorola	3.1	1.7	4.9	1.6 L	2.8	3.2	2.9	7.0	na	3.5	5.2	5.1	1.72	17.4	-568.2
Naroff Economic Advisors	3.0	2.4	5.4	2.5	3.0	3.4	3.3	6.5	6.6	4.6	6.1 H	4.6	1.76	17.5	-540.0
Ford Motor Company*	3.0	2.2	5.1	1.9	4.2	2.9	3.0	7.9	na	3.9	5.5	5.3	1.66	na	-567.8
DuPont**	3.0	2.0	5.0	2.5	3.5	3.0	2.9	6.6	7.0	3.9	5.0	5.2	1.75	17.3	-625.0
Econoclast	3.0	2.0	5.0	2.3	3.5	3.2	2.8	6.5	5.8	3.2	4.6	5.1	1.65	16.8	-590.0
Kellner Economic Advisers	3.0	2.0	5.0	2.2	3.8	3.0	2.9	6.9	6.9	3.8	4.8	5.2	1.71	16.6	-560.0
SOM Economics, Inc.	3.0	1.9	5.0	2.5	3.7	2.7	2.9	4.5	3.7	3.9	4.8	5.0	1.90	17.6	-588.0
Daiwa Institute of Research America	2.8	2.0	4.8	1.8	2.6	2.2 L	3.5	5.8	5.4	1.6 L	3.7 L	5.8 H	1.84	16.8	-746.0 L
UCLA Business Forecasting Proj.*	2.5 L	1.7	4.3 L	1.8	1.9	3.1	2.5	4.4	-0.5 L	3.2	5.2	5.8 H	1.64	16.7	-553.9
2006 Consensus: March Avg.	3.4	2.0	5.4	2.3	3.9	3.5	3.1	7.5	5.9	3.9	5.2	5.1	1.75	17.1	-594.2
Top 10 Avg.	3.8	2.5	6.0	3.0	5.1	4.2	3.5	9.9	9.4	4.6	5.7	5.4	1.86	17.6	-543.9
Bottom 10 Avg.	3.0	1.5	4.8	1.7	2.6	2.8	2.6	5.0	2.2	3.2	4.7	4.8	1.64	16.6	-663.8
February Avg.	3.4	2.0	5.4	2.3	4.0	3.5	3.1	7.3	6.0	3.9	5.3	5.2	1.73	17.2	-584.4
Number Of Forecasts Changed From A Month Ago:															
Down	15	11	14	11	18	15	15	17	15	7	15	24	6	13	22
Same	25	30	23	33	22	25	23	17	20	27	24	23	27	22	10
Up	11	10	14	7	11	10	12	16	10	15	10	3	15	7	18
March Median	3.3	2.0	5.4	2.4	4.0	3.4	3.1	7.3	6.1	3.9	5.3	5.1	1.75	17.2	-585.0
March Diffusion Index	46 %	49 %	50 %	46 %	43 %	45 %	47 %	49 %	44 %	58 %	45 %	29 %	59 %	43 %	46 %

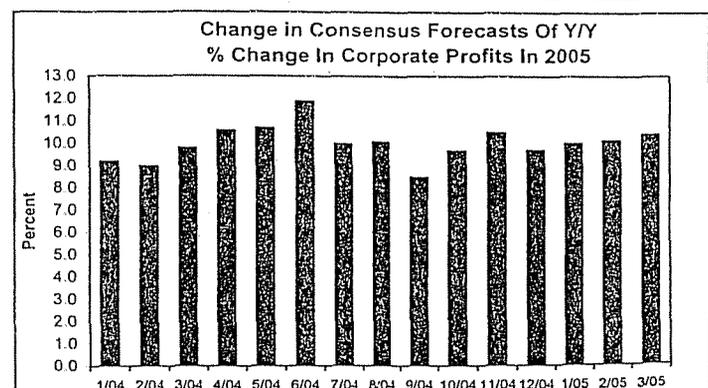
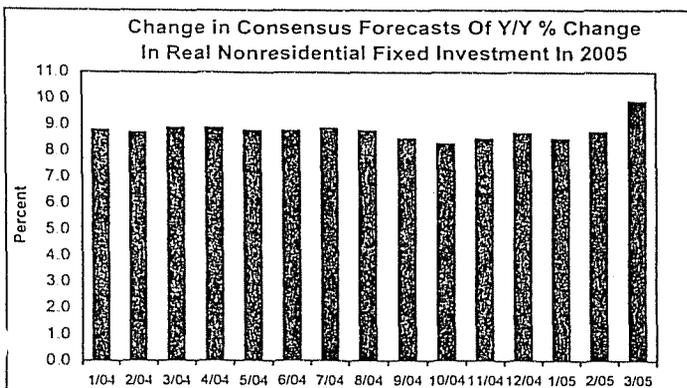
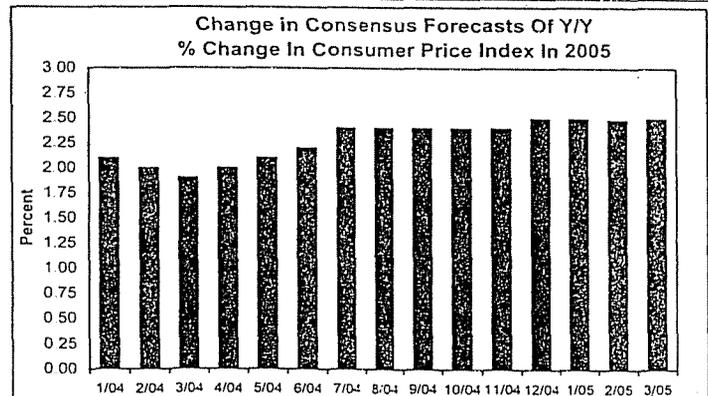
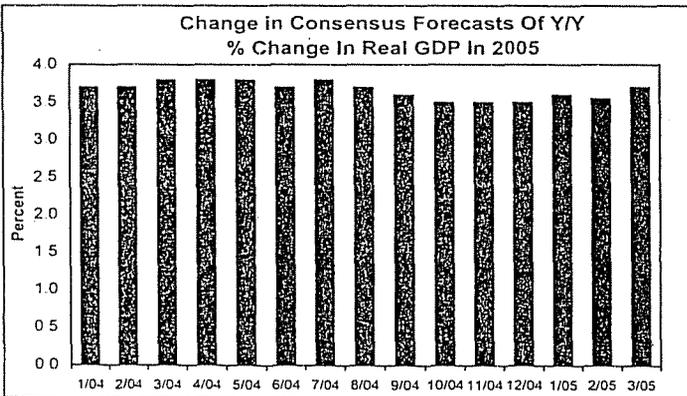
*Former winner of annual Lawrence R. Klein Award for Blue Chip Forecast Accuracy **Denotes two-time winner.

SIC DATA SOURCES: ¹Gross Domestic Product (GDP), chained 2000\$, National Income and Product Accounts (NIPA), Bureau of Economic Analysis (BEA); ²GDP Chained Price Index, NIPA, BEA; ³GDP, current dollars, NIPA, BEA; ⁴Consumer Price Index-All Urban Consumers, Bureau of Labor Statistics (BLS); ⁵Total Industrial Production, Federal Reserve Board (FRB); ⁶Disposable Personal Income, 2000\$, NIPA, BEA; ⁷Personal Consumption Expenditures, 2000\$, NIPA, BEA; ⁸Non-residential Fixed Investment, 2000\$, NIPA, BEA; ⁹Corporate Profits Before Taxes, current dollars, with inventory valuation and capital consumption adjustments, NIPA, BEA; ¹⁰Treasury Bills, 3-month, secondary market, bank discount basis, FRB; ¹¹10-Year Treasury note yield, FRB; ¹²Unemployment Rate, civilian work force, BLS; ¹³Housing Starts, Bureau of Census; ¹⁴Total U.S. Auto and Truck sales (includes imports and all weight classes of trucks), BEA; ¹⁵Net Exports of Goods and Services, 2000\$, NIPA, BEA.

Previous Consensus Forecasts

Consensus Forecasts For 2005	Real GDP	GDP	Nominal	Consumer	Indust.	Dis. Pers.	Personal	Non-Res.	Corp.	Treas.	Treas.	Unempl.	Housing	Auto/Truck	Net
	Chained	Price	GDP	Price	Prod.	Income	Cons. Exp.	Fix. Inv.	Profits	Bills	Notes	Rate	Starts	Sales	Exports
	('2000\$)	Index	(Cur. \$)	Index	(Total)	('2000\$)	('2000\$)	('2000\$)	(Cur. \$)	3-mo.	10-Year	(Civ.)	(Mil.)	(Mil.)	('2000\$)
January 2004 Consensus	3.7	1.7	5.4	2.1	4.8	3.4	3.3	8.8	9.2	2.6	5.4	5.4	1.67	16.9	-522.9
February 2004 Consensus	3.7	1.6	5.4	2.0	4.8	3.4	3.3	8.7	9.0	2.5	5.3	5.4	1.68	16.8	-492.2
March 2004 Consensus	3.8	1.6	5.3	1.9	4.9	3.4	3.2	8.9	9.8	2.4	5.2	5.3	1.68	16.8	-488.3
April 2004 Consensus	3.8	1.6	5.4	2.0	4.8	3.4	3.2	8.9	10.6	2.3	5.1	5.3	1.68	16.9	-491.5
May 2004 Consensus	3.8	1.7	5.6	2.1	5.1	3.4	3.3	8.8	10.7	2.4	5.2	5.3	1.68	16.9	-494.2
June 2004 Consensus	3.7	1.9	5.7	2.2	5.1	3.4	3.2	8.8	11.9	2.7	5.4	5.3	1.69	16.8	-505.9
July 2004 Consensus	3.8	2.0	5.8	2.4	5.2	3.5	3.3	8.9	10.0	2.8	5.5	5.3	1.71	16.8	-524.4
August 2004 Consensus	3.7	2.1	5.9	2.4	5.0	3.5	3.1	8.8	10.1	2.9	5.3	5.3	1.73	16.8	-530.7
September 2004 Consensus	3.6	2.0	5.7	2.4	4.9	3.4	3.1	8.5	8.5	2.8	5.1	5.3	1.75	16.9	-558.7
October 2004 Consensus	3.5	2.0	5.6	2.4	4.6	3.3	3.1	8.3	9.7	2.8	5.0	5.3	1.78	16.8	-567.3
November 2004 Consensus	3.5	1.9	5.5	2.4	4.3	3.1	3.1	8.5	10.5	2.8	4.8	5.3	1.80	16.9	-584.5
December 2004 Consensus	3.5	2.0	5.6	2.5	4.2	3.1	3.2	8.7	9.7	2.9	4.8	5.3	1.82	16.9	-587.2
January 2005 Consensus	3.6	2.0	5.7	2.5	4.2	3.1	3.3	8.5	10.0	3.0	4.7	5.3	1.82	17.1	-583.5
February 2005 Consensus	3.6	2.0	5.6	2.5	4.1	3.3	3.5	8.8	10.1	3.0	4.7	5.3	1.83	17.1	-608.8
March 2005 Consensus	3.7	2.0	5.8	2.5	4.0	3.4	3.4	9.9	10.4	3.1	4.6	5.2	1.86	17.0	-615.9
Difference From Jan. 2004 Forecast	0.0	0.3	0.4	0.4	-0.8	0.0	0.1	1.1	1.2	0.5	-0.8	-0.2	0.19	0.1	-93.0
Forecast High	3.8	2.1	5.9	2.5	5.2	3.5	3.5	9.9	11.9	3.1	5.5	5.4	1.86	17.1	-488.3
Forecast Low	3.5	1.6	5.3	1.9	4.0	3.1	3.1	8.3	8.5	2.3	4.6	5.2	1.67	16.8	-615.9

Consensus Forecasts For 2006	Real GDP	GDP	Nominal	Consumer	Indust.	Dis. Pers.	Personal	Non-Res.	Corp.	Treas.	Treas.	Unempl.	Housing	Auto/Truck	Net
	Chained	Price	GDP	Price	Prod.	Income	Cons. Exp.	Fix. Inv.	Profits	Bills	Notes	Rate	Starts	Sales	Exports
	('2000\$)	Index	(Cur. \$)	Index	(Total)	('2000\$)	('2000\$)	('2000\$)	(Cur. \$)	3-mo.	10-Year	(Civ.)	(Mil.)	(Mil.)	('2000\$)
January 2005 Consensus	3.4	2.0	5.4	2.3	4.0	3.3	3.1	7.2	5.9	3.8	5.3	5.2	1.73	17.1	-561.7
February 2005 Consensus	3.4	2.0	5.4	2.3	4.0	3.5	3.1	7.3	6.0	3.9	5.3	5.2	1.73	17.2	-584.4
March 2005 Consensus	3.4	2.0	5.4	2.3	3.9	3.5	3.1	7.5	5.9	3.9	5.2	5.1	1.75	17.1	-594.2
Difference From Jan. 2005 Forecast	0.0	0.0	0.0	0.0	0.1	-0.2	0.0	-0.3	0.0	-0.1	0.1	0.1	0.0	0.0	32.5
Forecast High	3.4	2.0	5.4	2.3	4.0	3.5	3.1	7.5	6.0	3.9	5.3	5.2	1.8	17.2	-561.7
Forecast Low	3.4	2.0	5.4	2.3	3.9	3.3	3.1	7.2	5.9	3.8	5.2	5.1	1.7	17.1	-594.2



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3. Blue Chip Consensus: Quarterly Annualized Percent Change From Prior Quarter And Averages For Quarter.*

Actuals ¹	% Change From Prior Quarter At Annualized Rate								Average For Quarter			
	Real GDP	GDP Price Index	Producer Price Index	Total Industrial Production	Disposable Personal Income	Personal Consumption Expend.	Unemployment Rate	3-Mo. Treas. Bills	10-Yr. Treas. Notes	Change in Business Inventories	Real Net Exports	
2004 1Q	4.5	2.8	4.0	2.8	5.6	2.4	4.1	5.6	0.9	4.0	40.0	-550.1
2Q	3.3	3.2	4.4	5.8	4.3	2.8	1.6	5.6	1.1	4.6	61.1	-580.3
3Q	4.0	1.4	1.7	1.6	2.7	2.0	5.1	5.4	1.5	4.3	34.5	-583.2
4Q	3.8	2.1	3.4	8.0	4.0	8.1	4.2	5.4	2.0	4.2	51.0	-623.4
Blue Chip Forecasts												
% Change From Prior Quarter At Annualized Rate												
Average For Quarter												
2005 1Q Consensus	3.7	2.0	2.0	1.7	4.4	1.1	3.0	5.3	2.6	4.3	48.8	-620.8
Top 10 Avg.	4.5	2.6	2.7	3.0	6.3	3.9	3.7	5.4	2.8	4.5	61.0	-601.2
Bot. 10 Avg.	2.9	1.4	1.4	-0.1	3.2	-1.4	2.3	5.2	2.5	4.2	32.6	-640.5
2Q Consensus	3.6	1.9	2.3	1.2	4.1	3.5	3.2	5.2	3.0	4.5	50.7	-618.5
Top 10 Avg.	4.4	2.5	3.2	2.7	5.4	4.6	3.9	5.4	3.2	4.8	66.6	-592.6
Bot. 10 Avg.	2.9	1.5	1.5	-0.7	2.7	2.6	2.6	5.1	2.7	4.3	35.6	-645.0
3Q Consensus	3.6	1.9	2.2	1.3	4.2	3.5	3.2	5.2	3.3	4.7	53.0	-615.0
Top 10 Avg.	4.1	2.5	2.9	3.0	6.0	4.6	3.7	5.4	3.7	5.1	74.1	-581.6
Bot. 10 Avg.	3.0	1.5	1.5	-0.4	2.7	2.6	2.7	5.0	3.0	4.4	34.8	-651.3
4Q Consensus	3.4	1.9	2.3	1.5	4.0	3.4	3.1	5.1	3.6	4.9	53.2	-610.9
Top 10 Avg.	4.1	2.5	3.0	2.9	5.5	4.4	3.7	5.4	4.1	5.4	77.7	-570.1
Bot. 10 Avg.	2.6	1.5	1.7	-0.1	2.3	2.3	2.5	4.9	3.1	4.5	34.5	-655.8
2006 1Q Consensus	3.3	2.1	2.3	1.3	3.9	3.6	3.1	5.1	3.7	5.1	49.3	-605.5
Top 10 Avg.	3.9	2.7	3.1	3.0	5.4	4.9	3.6	5.5	4.4	5.6	70.3	-560.6
Bot. 10 Avg.	2.7	1.7	1.6	-0.8	2.5	2.6	2.5	4.8	3.0	4.5	32.0	-665.4
2Q Consensus	3.3	1.9	2.4	1.4	3.9	3.4	3.1	5.1	3.9	5.2	47.4	-597.0
Top 10 Avg.	4.0	2.5	3.1	3.0	5.2	4.2	3.7	5.4	4.6	5.8	70.7	-550.3
Bot. 10 Avg.	2.7	1.4	1.7	-0.7	2.6	2.8	2.4	4.8	3.2	4.6	28.6	-658.4
3Q Consensus	3.3	2.0	2.4	1.6	3.7	3.3	3.0	5.1	4.0	5.3	47.2	-590.6
Top 10 Avg.	3.9	2.6	3.1	2.9	4.9	3.9	3.6	5.4	4.7	5.8	72.8	-539.9
Bot. 10 Avg.	2.8	1.5	1.7	0.1	2.4	2.6	2.4	4.7	3.3	4.7	26.4	-661.5
4Q Consensus	3.3	2.0	2.4	1.7	3.9	3.2	3.0	5.1	4.1	5.3	48.1	-585.6
Top 10 Avg.	4.0	2.6	3.1	3.0	5.4	3.9	3.5	5.4	4.9	5.8	72.5	-529.0
Bot. 10 Avg.	2.8	1.4	1.6	0.2	2.7	2.5	2.4	4.7	3.3	4.7	29.6	-663.3

4. Blue Chip Consensus: Quarterly Annualized Values And Percent Change From Same Quarter In Prior Year.*

Real Gross Domestic Product							GDP Chained Price Index						
Billions Of Chained 2000\$ (SAAR)			% Change From Same Quarter In Prior Year ²				Index 2000 = 100 (SAAR)			% Change From Same Quarter In Prior Year ²			
Actual	Forecast ¹		Actual	Forecast			Actual	Forecast ¹		Actual	Forecast		
Quarter	2004	2005	2006	2004	2005	2006	Quarter	2004	2005	2006	2004	2005	2006
1Q	10697.5	11094.1	11480.5	5.0	3.7	3.5	1Q	107.3	109.7	111.8	1.7	2.2	2.0
2Q	10784.7	11193.7	11574.4	4.8	3.8	3.4	2Q	108.2	110.2	112.3	2.3	1.9	2.0
3Q	10891.0	11292.2	11669.2	4.0	3.7	3.3	3Q	108.6	110.7	112.9	2.3	2.0	2.0
4Q	10993.3	11387.1	11764.5	3.9	3.6	3.3	4Q	109.1	111.2	113.5	2.4	1.9	2.0

Total Industrial Production							Consumer Price Index						
Index 1997 = 100 (SAAR)			% Change From Same Quarter In Prior Year ²				Index 1982-1984 = 100 (SAAR)			% Change From Same Quarter In Prior Year ²			
Actual	Forecast ¹		Actual	Forecast			Actual	Forecast ¹		Actual	Forecast		
Quarter	2004	2005	2006	2004	2005	2006	Quarter	2004	2005	2006	2004	2005	2006
1Q	113.9	118.3	123.1	2.8	3.8	4.1	1Q	186.6	192.0	196.3	1.8	2.9	2.3
2Q	115.1	119.4	124.2	4.9	3.8	4.0	2Q	188.6	193.1	197.5	2.8	2.4	2.3
3Q	115.9	120.7	125.4	4.6	4.1	3.9	3Q	189.4	194.1	198.7	2.7	2.5	2.3
4Q	117.0	121.9	126.6	4.1	4.2	3.8	4Q	191.0	195.2	199.8	3.4	2.2	2.4

* See explanatory notes on inside of back cover for details of how this data is compiled.

6 ■ BLUE CHIP ECONOMIC INDICATORS ■ MARCH 10, 2005

BLUE CHIP INTERNATIONAL CONSENSUS FORECASTS

	ANNUAL DATA						END OF YEAR			
	Real Economic Growth % Change GDP		Inflation % Change Consumer Prices		Current Account In Billions Of U.S. Dollars		Exchange Rate ¹ Units Per U.S. \$		Interest Rates 3-Month	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
CANADA										
March Consensus	3.0	3.1	1.9	2.0	26.9	25.1	1.22	1.21	3.12	3.57
Top 3 Avg.	3.2	3.4	2.3	2.3	40.1	42.6	1.27	1.30	3.50	4.50
Bottom 3 Avg.	2.8	2.6	1.3	1.5	16.5	9.0	1.15	1.10	2.53	2.58
Last Month Avg.	3.0	3.0	1.9	2.0	27.6	25.8	1.20	1.20	3.36	3.46
	2003*	2004**	2003*	2004*	2003*	2004*	Latest	Year Ago	Latest	Year Ago
Actual	2.0	2.8	2.8	1.9	18.4	28.0	1.25	1.34	2.43	2.19
MEXICO										
March Consensus	3.4	3.6	4.5	3.8	-11.2	-12.3	11.82	11.71	7.94	7.08
Top 3 Avg.	4.0	4.0	5.2	4.4	-9.8	-9.7	12.50	12.69	9.68	8.83
Bottom 3 Avg.	2.5	2.4	3.9	3.5	-12.6	-14.6	11.31	11.07	4.92	5.10
Last Month Avg.	3.5	3.5	4.2	3.8	-10.8	-11.8	11.75	11.74	6.93	6.19
	2003*	2004**	2003*	2004*	2003*	2004*	Latest	Year Ago	Latest	Year Ago
Actual	1.3	4.0	4.5	4.4	-9.2	-7.8	11.09	10.97	9.23	5.60
JAPAN										
March Consensus	1.2	1.9	0.1	0.5	170.1	172.1	99.4	98.3	0.17	0.38
Top 3 Avg.	2.5	2.6	0.5	1.2	189.0	189.3	104.3	111.7	0.48	0.90
Bottom 3 Avg.	0.4	1.1	-0.5	-0.2	158.3	158.0	92.7	89.7	0.01	0.01
Last Month Avg.	1.6	2.2	0.1	0.7	168.8	169.6	100.1	98.2	0.22	0.52
	2003*	2004**	2003*	2004*	2003*	2004*	Latest	Year Ago	Latest	Year Ago
Actual	1.4	2.6	-0.2	0.0	136.4	163.0	105.0	109.0	0.02	0.03
UNITED KINGDOM										
March Consensus	2.5	2.5	2.0	2.1	-48.7	-46.0	1.90	1.88	4.91	4.74
Top 3 Avg.	2.8	2.8	2.8	2.6	-43.0	-43.0	2.03	2.07	5.07	5.20
Bottom 3 Avg.	2.0	2.0	1.6	1.6	-54.3	-49.0	1.78	1.71	4.72	4.24
Last Month Avg.	2.5	2.5	2.1	2.1	-47.0	-40.0	1.91	1.90	4.89	4.8
	2003*	2004**	2003*	2004*	2003*	2004*	Latest	Year Ago	Latest	Year Ago
Actual	2.2	3.3	1.4	1.6	-42.7	-42.8	1.91	1.87	4.84	4.09
SOUTH KOREA										
March Consensus	3.9	4.4	3.3	3.0	21.3	19.6	1009	1024	3.25	4.03
Top 3 Avg.	4.6	6.0	3.8	3.8	31.1	31.9	1057	1074	3.83	5.19
Bottom 3 Avg.	3.1	2.9	3.0	2.5	12.3	9.0	975	947	2.50	3.00
Last Month Avg.	4.1	4.5	3.3	3.0	19.2	17.1	1037	1050	3.48	3.98
	2003*	2004**	2003*	2004*	2003*	2004*	Latest	Year Ago	Latest	Year Ago
Actual	3.1	4.6	3.5	3.6	12.3	22.3	1006	1176	3.57	4.01
GERMANY										
March Consensus	1.2	1.9	1.4	1.5	83.0	83.0	1.33	1.33	2.44	3.05
Top 3 Avg.	1.7	2.2	1.6	1.6	95.1	103.5	1.43	1.50	2.80	3.80
Bottom 3 Avg.	0.8	1.6	1.2	1.4	75.0	67.3	1.21	1.18	1.89	1.77
Last Month Avg.	1.4	1.9	1.5	1.5	74.6	76.9	1.34	1.34	2.35	2.98
	2003*	2004**	2003*	2004*	2003*	2004*	Latest	Year Ago	Latest	Year Ago
Actual	-0.1	1.0	1.0	1.8	57.5	89.7	1.31	1.25	2.14	2.06
TAIWAN										
March Consensus	4.1	4.0	1.4	1.4	30.2	30.3	31.07	30.94	2.10	2.58
Top 3 Avg.	4.5	4.5	1.9	2.4	61.9	56.1	32.59	32.50	2.93	3.78
Bottom 3 Avg.	3.5	3.5	1.0	1.0	18.0	19.3	30.00	29.64	1.60	1.77
Last Month Avg.	4.1	4.0	1.6	1.6	32.8	33.1	31.16	31.16	2.00	2.40
	2003*	2004**	2003*	2004*	2003*	2004*	Latest	Year Ago	Latest	Year Ago
Actual	3.2	5.7	-0.3	1.6	28.6	22.0	30.85	33.26	1.35	1.01
NETHERLANDS										
March Consensus	1.4	2.2	1.3	1.6	16.2	16.6	1.33	1.33	2.44	3.05
Top 3 Avg.	1.8	2.5	1.6	2.1	16.9	17.8	1.43	1.50	2.80	3.80
Bottom 3 Avg.	1.1	1.6	1.0	1.3	15.3	15.3	1.21	1.18	1.89	1.77
Last Month Avg.	1.5	2.2	1.4	1.6	17.0	17.1	1.34	1.34	2.35	2.98
	2003*	2004**	2003*	2004*	2003*	2004*	Latest	Year Ago	Latest	Year Ago
Actual	-0.8	1.3	2.2	1.3	11.2	18.5	1.31	1.25	2.14	2.06

Best estimates available. **In most all cases, actual data for 2004 GDP, consumer prices and current account are not yet available. Where we don't have actual data yet, figures are consensus forecasts from December 10, 2004 issue of Blue Chip Economic Indicators ¹All rates are amount of currency per U.S. dollar, except for U.K., Australia and the Euro, which are reported as U.S. dollar equivalents.

MARCH 10, 2005 ■ BLUE CHIP ECONOMIC INDICATORS ■ 7

BLUE CHIP INTERNATIONAL CONSENSUS FORECASTS

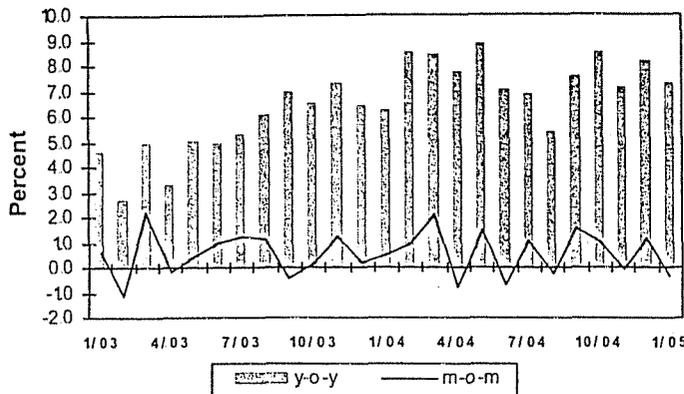
	ANNUAL DATA						END OF YEAR			
	Real Economic Growth % Change		Inflation % Change		Current Account In Billions Of U.S. Dollars		Exchange Rate Units Per U.S. \$		Interest Rates 3-Month	
	GDP		Consumer Prices							
SINGAPORE	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
March Consensus	3.8	4.4	1.5	1.5	27.2	28.7	1.61	1.60	2.10	2.47
Top 3 Avg.	4.9	5.1	1.7	2.0	33.8	37.3	1.66	1.62	2.50	3.30
Bottom 3 Avg.	2.3	2.8	1.2	1.0	21.9	20.6	1.58	1.55	1.41	1.62
Last Month Avg.	4.2	4.7	1.5	1.6	26.1	26.9	1.61	1.60	1.82	2.03
Actual	2003*	2004**	2003*	2004*	2003*	2004*	Latest	Year Ago	Latest	Year Ago
	1.1	8.1	0.5	1.7	28.2	23.6	1.63	1.70	1.81	0.75
FRANCE	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
March Consensus	1.9	2.2	1.6	1.7	6.3	10.5	1.33	1.33	2.44	3.05
Top 3 Avg.	2.1	2.4	1.9	2.1	13.1	15.4	1.43	1.50	2.80	3.80
Bottom 3 Avg.	1.7	2.0	1.3	1.4	-2.4	6.5	1.21	1.18	1.89	1.77
Last Month Avg.	1.9	2.2	1.7	1.8	10.6	14.0	1.34	1.34	2.35	2.98
Actual	2003*	2004**	2003*	2004*	2003*	2004*	Latest	Year Ago	Latest	Year Ago
	0.5	2.5	2.2	2.4	14.7	0.8	1.31	1.25	2.14	2.06
BRAZIL	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
March Consensus	3.8	3.8	5.9	4.9	5.6	1.3	2.75	2.92	15.31	13.87
Top 3 Avg.	4.2	4.0	7.1	6.5	8.0	4.9	2.80	3.10	17.95	16.05
Bottom 3 Avg.	3.5	3.5	5.2	3.4	3.7	-2.4	2.59	2.62	12.67	10.50
Last Month Avg.	3.8	3.6	5.9	4.9	5.1	1.6	2.77	2.90	13.51	12.19
Actual	2003*	2004**	2003*	2004*	2003*	2004*	Latest	Year Ago	Latest	Year Ago
	0.6	5.2	14.8	6.6	4.1	6.1	2.70	2.90	18.75	16.32
HONG KONG	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
March Consensus	4.4	4.3	1.1	1.6	14.9	14.2	7.72	7.71	2.70	3.32
Top 3 Avg.	4.7	4.8	1.5	2.8	19.1	17.6	7.80	7.80	3.70	4.60
Bottom 3 Avg.	4.1	3.6	0.5	1.0	9.6	9.7	7.54	7.53	1.41	1.61
Last Month Avg.	4.4	4.0	1.2	1.4	15.9	15.3	7.71	7.70	2.54	3.27
Actual	2003*	2004**	2003*	2004*	2003*	2004*	Latest	Year Ago	Latest	Year Ago
	3.3	8.0	-1.7	0.1	17.4	15.4	7.80	7.78	1.75	0.08
BELGIUM	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
March Consensus	2.0	2.2	1.9	1.9	15.1	15.5	1.33	1.33	2.44	3.05
Top 3 Avg.	2.5	2.7	2.1	2.0	15.8	17.1	1.43	1.50	2.80	3.80
Bottom 3 Avg.	1.5	1.6	1.7	1.7	14.3	14.0	1.21	1.18	1.89	1.77
Last Month Avg.	2.0	2.2	1.9	1.9	15.1	15.6	1.34	1.34	2.35	2.98
Actual	2003*	2004**	2003*	2004*	2003*	2004*	Latest	Year Ago	Latest	Year Ago
	1.1	2.4	1.5	1.9	13.7	13.6	1.31	1.25	2.14	2.06
CHINA	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
March Consensus	8.1	7.4	3.2	2.5	34.8	23.5	8.10	7.84	4.51	4.90
Top 3 Avg.	8.5	8.0	4.0	4.1	49.5	41.2	8.29	8.28	5.89	6.08
Bottom 3 Avg.	7.8	7.0	1.8	0.8	18.9	4.1	7.80	7.49	2.57	3.47
Last Month Avg.	8.0	7.3	3.5	2.5	29.9	21.5	8.14	7.95	4.34	4.80
Actual	2003*	2004**	2003*	2004*	2003*	2004*	Latest	Year Ago	Latest	Year Ago
	9.3	9.5	1.2	3.9	29.6	25.7	8.28	8.28	3.30	na
AUSTRALIA	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
March Consensus	3.0	3.2	2.6	2.7	-28.9	-26.7	0.75	0.73	5.32	5.33
Top 3 Avg.	3.6	3.6	3.2	2.9	-25.7	-22.3	0.80	0.81	5.70	5.79
Bottom 3 Avg.	2.4	2.6	2.2	2.4	-32.0	-30.0	0.70	0.65	4.58	4.50
Last Month Avg.	3.2	3.2	2.4	2.6	-29.0	-26.8	0.76	0.74	5.28	5.53
Actual	2003*	2004**	2003*	2004*	2003*	2004*	Latest	Year Ago	Latest	Year Ago
	3.0	3.6	2.8	2.4	-30.5	-29.4	0.78	0.77	5.72	5.55
EUROLAND	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
March Consensus	1.6	2.1	1.8	1.8	49.8	57.4	1.33	1.33	2.44	3.05
Top 3 Avg.	2.0	2.5	2.2	2.0	54.7	74.4	1.43	1.50	2.80	3.80
Bottom 3 Avg.	1.4	1.6	1.4	1.5	45.0	44.0	1.21	1.18	1.89	1.77
Last Month Avg.	1.7	2.1	1.8	1.8	53.7	61.9	1.34	1.34	2.35	2.98
Actual	2003*	2004**	2003*	2004*	2003*	2004*	Latest	Year Ago	Latest	Year Ago
	0.4	1.8	2.1	2.1	53.2	54.2	1.31	1.25	2.14	2.06

*Best estimates available. Contributors to Blue Chip International Survey: Ford Motor Company, USA; General Motors Corp., USA; Global Insight, USA; Federal Express Corporation, USA; Wells Capital Management, USA; J.P. MorganChase, Deutsche Bank Securities, USA; UBS, USA; BMO Nesbitt Burns, Canada; Merrill Lynch, USA; DaimlerChrysler AG, USA; Standard & Poor's, USA; National City Corporation, USA; Westdeutsche Landesbank, Germany; Morgan Stanley, USA; Moody's Investor Services, USA; Wachovia, USA; LaSalle/ABN AMRO, USA; Wayne Hummer Investments, LLC, USA; The Northern Trust Company, USA; Daiwa Institute of Research America, USA; Grupo de Economistas y Asociados, Mexico; and International Monetary Fund's World Economic Outlook.

Recent Developments:

Non-Auto Total Retail Sales Looked Pretty Good In January And February

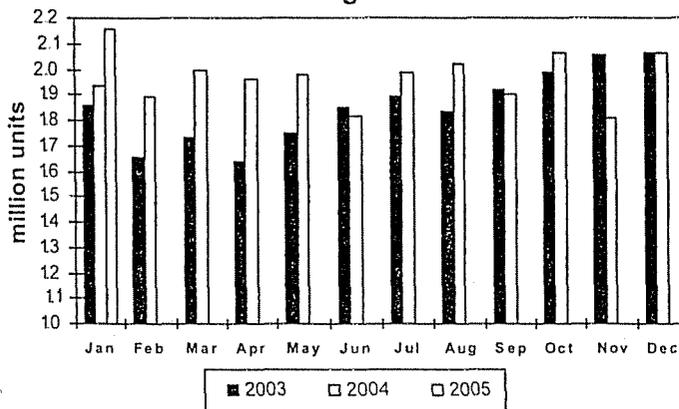
Total Retail and Food Service Sales



Total retail sales fell 0.3% in January versus a revised 1.1% surge in December as a big drop in vehicle sales offset strength at clothing and department stores – powered most likely by consumers use of holiday gift cards. Vehicles sales fell 3.3% during the month – the biggest decline since last June – following a 4.0% surge in December that was prompted by attractive year-end rebate and financing incentives. Sales excluding vehicles, however, rose a strong 0.6% in January following a December rise of 0.3%. Apparel store sales jumped 1.8% in January versus declines in the two prior months. In contrast, sales at furniture and home furnishing stores slipped another 0.9%, marking a third consecutive monthly drop. It's likely that total retail sales in February will post a relatively solid gain. Though unit sales of light vehicles rose by a relatively modest 0.5% in February, chain store sales were pretty good, with particular strength during the final week of the month. Signs of continued improvement in the labor markets and strong start to the federal tax refund season appear to be underpinning consumer spending. The recent sharp spike upward in gasoline prices, however, may cool consumer spending in March.

Housing Starts Powered Ahead In January Even As Home Sales Fell

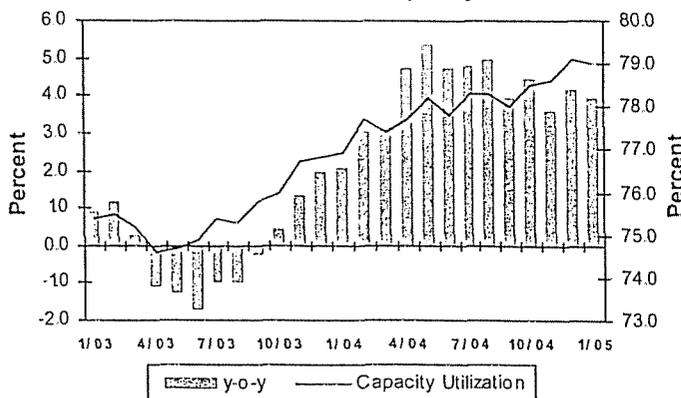
Housing Starts



Housing starts unexpectedly jumped 4.7% in January to a record annualized rate of 2.159 million units. The gain left total starts 11.6% above their year ago level. Moreover, the rise came on top of an upwardly revised gain of 14.4% in December. Starts of single-family homes rose a more modest 2.7% to a record high rate of 1.760 million units, but the gain was limited to the south where a 20% surge occurred, most likely at least partially attributable to unseasonably mild weather. Single-family starts in January were up 12.5% from a year earlier. Multi-family starts soared 14.1% during the month, but the gain merely served to lift the annualized rate back to its October level. Sales of new single-family homes fell 9.2% in January. A massive 40.3% drop in the winter-storm battered Midwest led the decline. Sales were down 4.2% from a year earlier. Existing home sales slipped by a smaller 0.5% in January, the second straight drop, and were up 12.5% from a year ago. The recent jump in mortgage rates, if sustained, may cool some of the speculative activity in the housing market, but rates may have to rise much higher to really put a serious dent in this sector.

Total Industrial Production In January Hurt By Drops In Utility And Mining Output

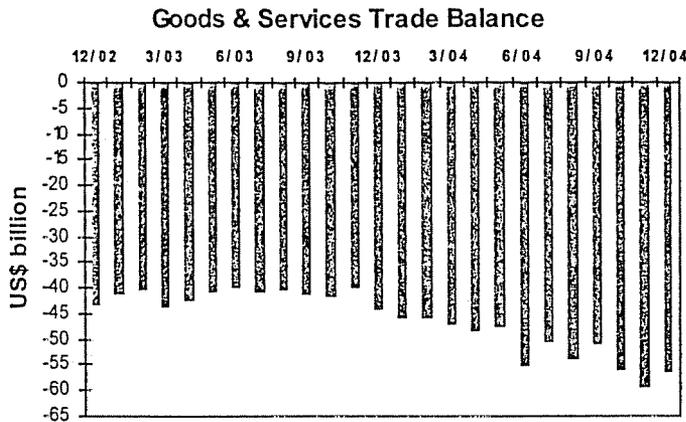
Industrial Production & Capacity Utilization



Total industrial production was unchanged in January following its 0.7% surge in December. The softness, however, primarily resulted from a 3.1% drop in utility output (due to unseasonably warm weather) and a 0.3% decline in mining output. Manufacturing activity increased a solid 0.5% following a 0.4% rise in the prior month. Leading activity in the factory sector, production of high-tech goods jumped 1.5%, leaving the y/y gain at 18.1%. Manufacturing output excluding high-tech rose 0.4% in January, despite a 1.9% decline in the production of autos and parts with solid advances registered by clothing and machinery output. Excluding autos, factory output rose 0.7%. In early March, two major domestic vehicle producers announced production cutbacks due to soft sales, so production from this sector may continue to weigh on overall industrial activity unless sales rebound. The February decline in the manufacturing workweek and the February reversal of the sharp rise in January ISM's production index likely signals that overall industrial production in February was on the soft side, despite an expected bounce back in utility and mining and mining output.

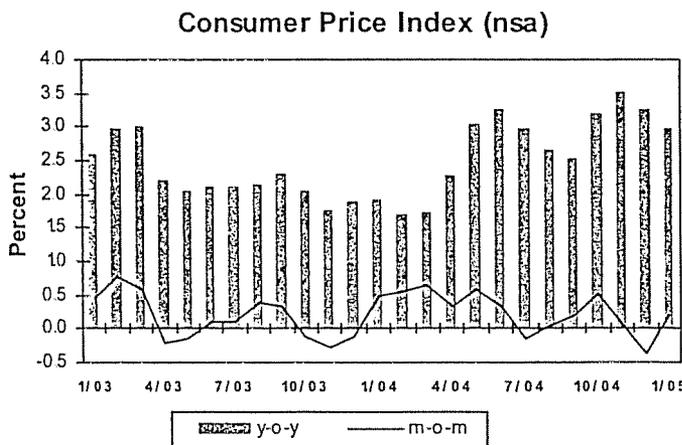
Recent Developments:

Trade Deficit Eased In December, But Swelled More Than 24% In 2004



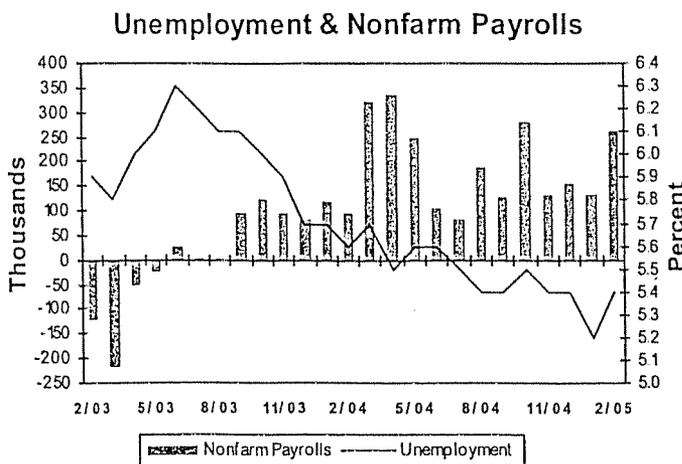
The goods and services trade deficit shrank by \$2.93 billion or 4.9% in December to \$56.4 billion. For all of 2004, however, the deficit totaled a record \$61.7 billion, or 24.4% larger than in 2003. That marked the sharpest widening of the trade deficit since the 43.7% surge from 1999 to 2000. The narrowing of the deficit in December resulted from a 3.2% rise in exports that more than offset a 0.1% rise in imports. For the year, however, exports grew just 12.3% while imports increased 16.3%. Goods exports rose 4.4% in December while goods imports rose 0.1% while for all of 2004 goods exports increased 13.3% while imports registered a rise of 16.9%. Holding down imports in December was a 5% decline in the quantity of total barrels of petroleum product plus a 11%. The latter represented the biggest month/month decline in the average price paid per barrel for crude oil imports since January/February 1991. Since then, petroleum prices have rebounded, as have it appears, volume imports of petroleum products. The U.S. trade deficit with China swelled to a record \$162 billion.

Core Consumer Price Inflation Continues To Creep Upward



The consumer Price Index rose a modest 0.1% in January, dropping the y/y rate of increase back to 3.0% from 3.3% in December. However, the CPI excluding food and energy prices increased by 0.2% for a fourth consecutive month pushing the y/y rate of change to 2.3%, the highest level since August 2002. Holding down the increase in the overall CPI in January was a 1.1% decline in energy prices that came on the heels of a 1.3% decline in December. Energy prices since then, however, have rebounded, and by early March, gasoline prices were sharply higher than at the start of this year. Exerting upward pressures on prices at the consumer level are surging prices at the producer level. The core finished goods PPI jumped 0.8% in January, the largest increase since December 1998 and on a y/y basis was increasing at its fastest pace since November 1995. The core intermediate goods PPI also rose 0.8% in January and its y/y rate of increase rose to its highest level since September 1981. If more of these outsized gains in prices at the producer level get passed on into consumer prices, financial markets and Fed officials are likely to get nervous.

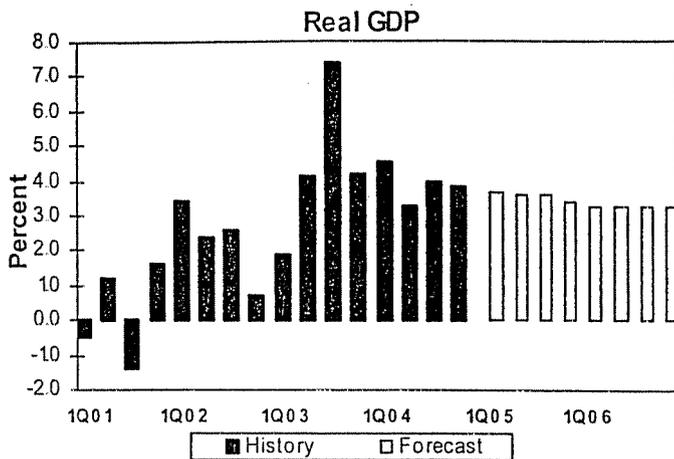
February Job Growth Post Its Biggest Gain Since October



Nonfarm payrolls rose by 262,000 in February, almost double the revised January increase of 132,000. The unemployment rate nevertheless rebounded by 0.2 of a point to 5.4% as more people began to look for work. While gains in payrolls were broad-based, unseasonably mild weather likely played a hand in boosting job creation figures for the month. Manufacturing payrolls increased by 20,000 in February, reversing the decline in January. About half that increase reflected auto-workers return to work from temporary layoffs. Moreover, a couple of major automakers recently announced production cutbacks for March and in Q2 that will dampen payroll increases in this sector. Construction payrolls surged by 30,000 after being unchanged in January when bad weather delayed building projects. Private service producing payrolls rose 174,000 and government payrolls increased 33,000. total private workweek was unchanged at 33.7 hours in February but the factory workweek fell 0.2 of an hour though factory overtime hours rose by 0.1 of a point. Average hourly earnings were unchanged in February and up just 2.5% over the past year.

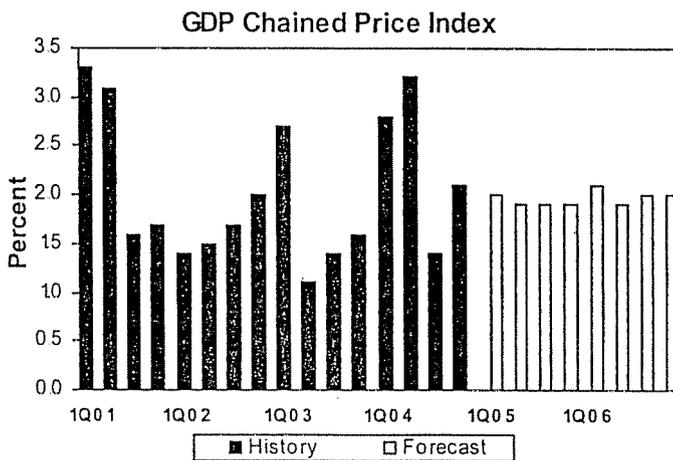
Quarterly U.S. Forecasts:

Real GDP



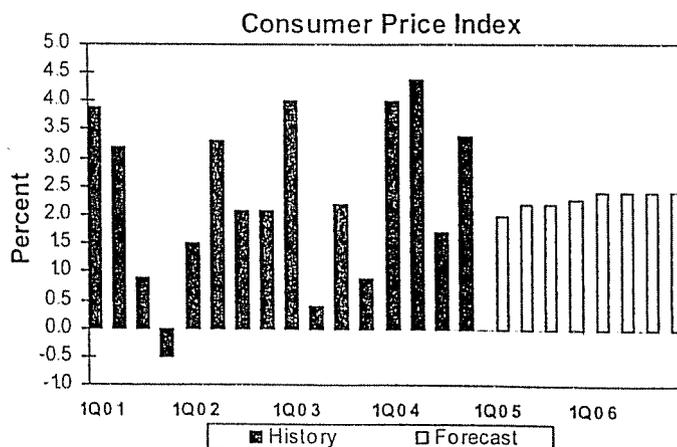
Real GDP grew at an upwardly revised annualized rate of 3.8% in Q4 of last year rather than the 3.1% originally estimated. An upward revision in the pace of inventory accumulation, a downward revision in the size of the net export deficit and an upward revision in business investment offset a downward revision in personal consumption to boost the Q4 growth rate. Left unchanged was the annual growth rate for 2004 of 4.4%, the best performance since 1999. However, real GDP growth on a Q4/Q4 basis was revised up by 0.2 of a point to 3.9%. The consensus now estimates that real GDP will grow at annualized rate of 3.7% in Q1 of this year, 3.6% in Q2 and Q3 and 3.4% in Q4. The consensus now predicts real GDP will grow 3.7% on a calendar year basis in 2005, 0.1 of a point better than a month ago, and 3.4% in 2006. The economy is expected to grow 3.6% and 3.3%, respectively in 2005 and 2006, on a Q4/Q4 basis. Upward revisions over the past month in consensus predictions of growth in business investment and residential investment largely account for the increase in the consensus estimate of real GDP growth this year.

Chained-GDP Price Index



The GDP Price Index rose at an upwardly revised annualized rate of 2.1% in Q4 bringing the calendar year increase to 2.2%, the fastest advance since 2001. On a Q4/Q4 basis, it was up by an unrevised 2.4%. Driving the pick up in inflation during Q4 was a 2.5% rate of increase in the personal consumption deflator; nearly double its 1.3% rate in Q3. Largely accounting for the increase was an unusual 0.1% rise in the deflator for durable goods; the first such increase in at least four years. For the year, the overall PCE deflator was up 2.2%. The price index for durable goods did fall 2.0% last year, but that was smaller than the declines of 3.4% in 2003 and 2.7% in 2002. The price index for non-residential business investment rose 0.8% in 2004 the first increase in some time. While prices for business equipment and software fell again, the deflator declined just 0.4% versus a decline of 1.2% in 2003 and 1.9% in 2002. The price index for business structures rose 4.9%, reflecting sharp increases in the cost of building materials. The consensus looks for the GDP price index to rise 2.0% in calendar years 2005 and 2006 and post Q4/Q4 growth of 1.9% and 2.0%, respectively.

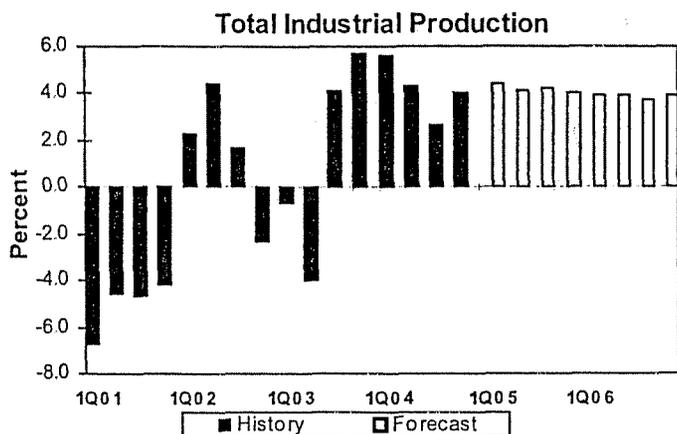
Consumer Price Index



The Consumer Price Index rose at a seasonally-adjusted annualized rate of 3.4% in the final quarter of last year versus 1.7% in Q3, 4.4% in Q2 and 4.0% in Q4. On a calendar year basis in 2004, the CPI was up 2.7% and increased 3.4% on a Q4/Q4 basis. The calendar year increase was the biggest since the 2001 rise of 2.8%. The CPI was up 3.0% on a 12-month basis in January, down from the 3.3% rate in December and the 3.5% rate in November. Holding increases down during the last two months were declines in energy prices that have been reversed since then. Indeed, by early March gasoline prices had risen to record levels. The core CPI that excludes food and energy prices was up 2.3% on a 12-month basis in January, the quickest y/y rate of growth since August 2002. While consensus forecasts of inflation in calendar year 2005 and 2006 did not rise this month, the sharp rebound in energy prices of laid poses upside risks to the inflation outlook. So, too, does the continued sharp rise in prices at the producer level and the slowing of productivity growth. The consensus says the CPI will increase 2.5% this year and 2.3% in 2006 on a calendar year basis and rise 2.2% and 2.4%, respectively on a Q4/Q4 basis.

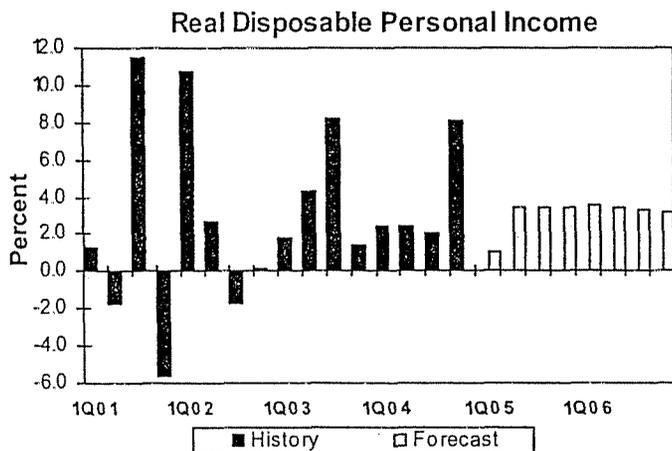
Quarterly U.S. Forecasts:

Industrial Production



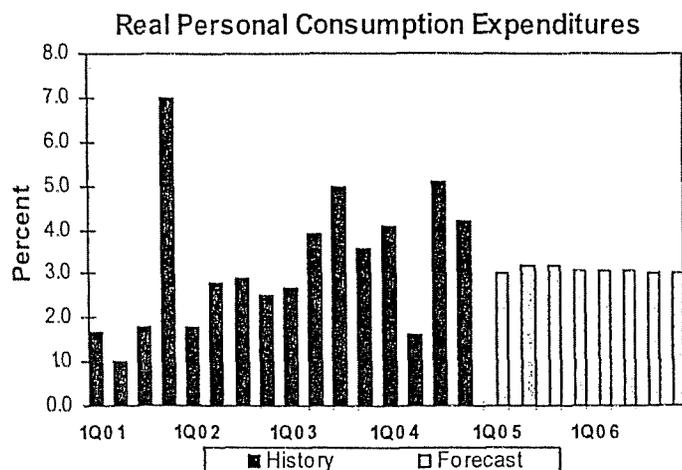
Total industrial production grew at a downwardly revised annualized rate of 4.0% in Q4 of last year, while manufacturing production expanded at a 4.3% pace. For all of last year, total production was up 4.1% versus no growth in 2003 and contractions of 0.3% in 2002 and 3.6% in 2001. Manufacturing output rose 4.7% last year versus no growth in 2003 and contractions of 0.4% in 2002 and 4.2% in 2001. The consensus looks for annualized growth in industrial production of 4.4% in the current quarter. However, an unchanged reading for production in January combined with soft vehicle sales in January and February that recently prompted two leading two major domestic producers to announce production cutbacks for March and beyond hint that reaching that target may be tough. The consensus now looks for total industrial production to rise 4.1% in calendar year 2005 and 3.9% in 2006, both estimates down 0.1 of a point from a month ago. Industrial production is expected to increase 4.2% and 3.8%, respectively, on a Q4/Q4 basis in 2005 and 2006 compared with 4.1% in 2004.

Real Disposable Personal Income



Disposable personal income (DPI) jumped at a downwardly revised annualized rate of 10.9% in Q4 of last year, the sharp increase largely attributable to the \$32 billion (\$99.4 billion annualized) special dividend paid by Microsoft to its shareholders in December. Real DPI rose at a downwardly revised rate of 8.1% rate versus 2.0% in Q3. For the year, disposable income was up 5.8% versus 4.2% in 2003 and real DPI increased 3.5% versus 2.3% in 2003. The payout of the special dividend accounted for more than 80% of the record 3.7% jump in personal income during December. Excluding it, real personal income would have been up 0.6% in December versus 0.4% in November and 0.8% in October. The payback came in January when DPI plunged 2.6% and real DPI fell 2.8%. Excluding the effects of the Microsoft payout, DPI would have increased 0.5% in January. Nevertheless, real DPI is predicted to grow just 1.1% in Q1 before rebounding at annualized rates averaging 3.5% during the remaining three quarters of the year. Real DPI is now expected to increase 3.4% in 2005 versus 3.5% in 2003 and to expand by 3.5% in 2006.

Real Personal Consumption Expenditures

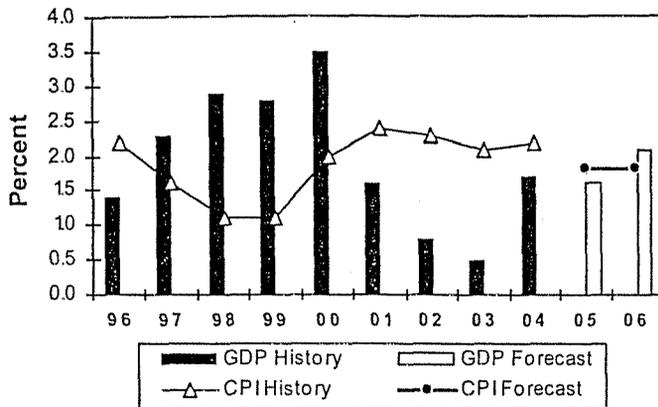


Real personal consumption expenditures rose at a downwardly revised though still strong annual rate of 4.2% in Q4 of last year versus the even more robust 5.1% advance in Q3. While growth in consumption of durable goods (which account for about 15% of spending) slowed as expected due to fewer vehicle sales, they still managed to rise at a rate of 3.1% versus 17.2% in Q3. Moreover, faster growth in consumption of nondurable goods of 6.1% versus 4.7% in Q3 helped make up for the slower consumption of durable goods. Consumption of services (which account for about 55% of total consumption) rose at a 3.4% rate, the best performance since Q2 2002. For the year, real PCE expanded by 3.8% versus 3.3% in 2003 and the biggest increase since 2000. Real PCE is expected to slow in the near term following back-to-back strength Q3 and Q4 of last year. Real PCE growth of 3.0% is foreseen in Q1 followed by rates averaging 3.2% over the remainder of the year. For all of 2005, real PCE is expected to expand by 3.4%, 0.4 of a percentage point less than last year and 0.1 of a point less than a month ago. In 2006, real PCE will increase 3.1% says the consensus.

International Forecasts:

Eurozone

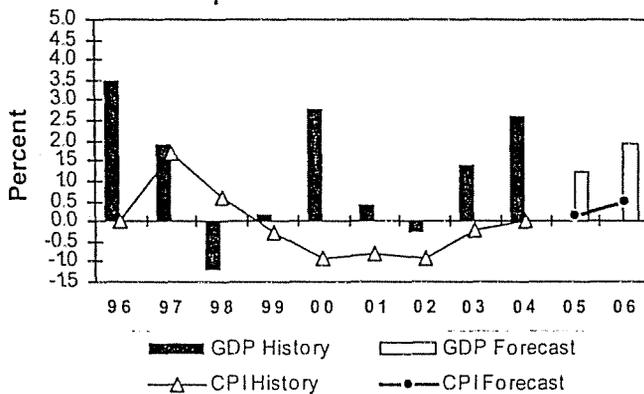
Eurozone: Growth & Inflation



Real GDP grew at a disappointing rate of just 0.2% (q/q) in the final quarter of last year, the smallest increase since Q2 2003. Holding down overall activity in the currency zone during the quarter were contractions in the rate of real GDP growth in Germany (-0.2%), Italy (-0.3%) and the Netherlands (-0.1%). Real GDP growth in France and Spain during Q4, on the other hand, rose 0.7% and 0.8%, respectively. During calendar year 2004, real GDP in the zone rose just 1.7% versus 4.4% in the U.S., but still the best performance since 2000. Continuing to constrain GDP growth in many of the zone's economies was poor consumer spending due to worries about high levels of unemployment. German joblessness hit a post World War II high in February. A strong euro and high oil prices also continue to dampen growth. The lack of year-end momentum recently prompted the European Central Bank to cut its forecast of real GDP growth this year from 1.9% to 1.6% that happens to be the current consensus prediction of growth. Real GDP growth of 2.1% is predicted for 2006. Consumer prices are predicted (perhaps optimistically) to increase 1.8% in both 2005 and 2006.

Japan

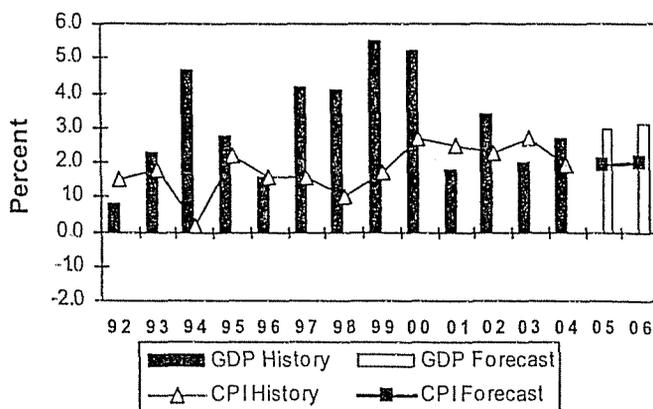
Japan: Growth & Inflation



The economy stumbled last year, contracting in the final three quarters of the year as export growth faltered and consumer spending slumped. Real GDP fell at an annual rate of 0.8% in Q2, 1.1% in Q3 and 0.5% in Q4. However, robust growth of 5.8% in Q1 was enough to real GDP up 2.6% in calendar year 2004 versus 1.4% in 2003 and a contraction of -0.3% in 2002. The economy appears to have stabilized as 2004 came to an end and most analysts believe real GDP will expand during the first half of 2005. Household spending was up sharply in January and job gains were strong. Factory production in January registered its biggest advance in nine months and retail sales its largest increase in six years. Providing a lift to consumer spending are signs that downward pressure on wages is subsiding to an extent due to stepped up hiring and bigger bonus payments. There are nonetheless concerns that a recovery in consumer spending may be limited by rising pension contributions and government plans to cancel income-tax rebates to cut growth in the nation's public debt. The consensus sees 1.2% real GDP growth this year and 1.9% in 2006.

Canada

Canada: Growth & Inflation



Overall economic growth slowed sharply in the final quarter of last year though domestic demand remained strong. The rate of real GDP growth slipped to 1.7% from 3.4% in Q3, leaving it up 2.7% for the year. Virtually all of the deceleration resulted from a second consecutive quarterly decline in exports due to the 30% rise in the value of the Canadian dollar versus its U.S. counterpart over the past three years. Final domestic demand in Q4 actually rose at an annual rate of 4.4%, the best performance since Q1 of last year. Business investment was similarly strong, growing at a 9.3% rate, also the best gain since the initial quarter of 2004. While exporters will continue struggling as they adjust to the appreciation of the currency, demand for commodities remains strong, corporate profits are rising, job growth is pretty good and government spending is set to accelerate. As a result, the rate of real GDP growth is likely to rebound nicely in the first half of this year, prompting the Bank of Canada to resume its tightening of policy sometime in Q2. The consensus now predicts real GDP will expand by 3.0% in 2005 and 3.1% in 2006.

MARCH 10, 2005 ■ BLUE CHIP ECONOMIC INDICATORS ■ 13

Databank:

2005

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jly	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	-0.3											
Total Auto & Truck Sales (b)	16.7											
Personal Income (a, current \$)	-2.3											
Personal Consumption (a, current \$)	0.0											
Consumer Credit (e)												
Consumer Sentiment (U. of Mich.)	95.5	94.1										
Household Employment (c)	85	-97										
Non-farm Payroll Employment (c)	132	262										
Unemployment Rate (%)	5.2	5.4										
Average Hourly Earnings ('82\$)	8.24											
Average Hourly Earnings (current \$)	15.90	15.90										
Non-farm Workweek (hrs.)	33.7	33.7										
Industrial Production (d)	3.4											
Capacity Utilization (%)	79.0											
ISM Index (formerly NAPM, g)	56.4											
Housing Starts (b)	2.159											
Housing Permits (b)	2.105											
New Home Sales (1-family, c)	1,106											
Construction Expenditures (a)	0.7											
Consumer Price Index (s.a., d)	3.0											
CPI ex. Food and Energy (s.a., d)	2.3											
Producer Price Index (n.s.a., d)	4.2											
Durable Goods Orders (a)	-0.9											
Leading Economic Indicators (g)	-0.3											
Balance of Trade & Services (f)												
Federal Funds Rate (%)	2.28											
3-Mo. Treasury Bill Rate (%)	2.33											
10-Year Treasury Note Yield (%)	4.22											

2004

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jly	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	0.5	1.0	2.1	-0.8	-1.5	-0.7	1.0	-0.3	1.6	1.0	0.0	1.1
Total Auto & Truck Sales (b)	16.7	16.9	17.1	17.0	18.1	15.8	17.6	17.0	17.9	17.4	16.8	18.9
Personal Income (a, current \$)	0.3	0.4	0.4	0.6	0.5	0.2	0.2	0.4	0.2	0.8	0.4	3.7
Personal Consumption (a, current \$)	0.6	0.6	0.4	0.1	1.0	-0.3	1.2	0.1	0.6	0.7	0.4	0.8
Consumer Credit (e)	10.5	1.5	2.8	3.5	2.7	2.6	7.9	1.7	9.0	8.1	1.1	1.8
Consumer Sentiment (U. of Mich.)	103.8	94.4	95.8	94.2	90.2	95.6	96.7	95.9	94.2	91.7	92.8	97.1
Household Employment (c)	72	-147	74	237	201	312	481	19	-131	300	466	-137
Non-farm Payroll Employment (c)	117	94	320	337	250	106	83	188	130	282	132	155
Unemployment Rate (%)	5.7	5.6	5.7	5.5	5.6	5.6	5.5	5.4	5.4	5.5	5.4	5.4
Average Hourly Earnings ('82\$)	8.27	8.27	8.24	8.25	8.21	8.20	8.23	8.26	8.25	8.22	8.21	8.23
Average Hourly Earnings (current \$)	15.48	15.51	15.54	15.58	15.62	15.64	15.70	15.74	15.77	15.81	15.82	15.85
Non-farm Workweek (hrs.)	33.8	33.8	33.8	33.7	33.8	33.6	33.8	33.7	33.8	33.8	33.7	33.7
Industrial Production (d)	2.1	3.1	3.2	4.7	5.4	4.7	4.8	5.0	3.9	4.5	3.6	4.2
Capacity Utilization (%)	76.9	77.7	77.4	77.7	78.2	77.8	78.3	78.3	78.0	78.5	78.6	79.1
ISM Index (formerly NAPM, g)	62.8	62.1	62.3	62.3	62.6	61.2	61.6	59.6	59.1	57.5	57.6	57.3
Housing Starts (b)	1.934	1.895	2.000	1.963	1.979	1.817	1.985	2.018	1.905	2.065	1.805	2.063
Housing Permits (b)	1.971	1.956	2.019	2.043	2.111	1.981	2.097	2.017	2.024	2.056	2.072	2.069
New Home Sales (1-family, c)	1,155	1,165	1,270	1,176	1,244	1,198	1,095	1,158	1,211	1,304	1,153	1,218
Construction Expenditures (a)	-0.4	0.6	2.3	1.3	0.6	0.4	0.8	0.3	0.6	0.4	0.0	1.2
Consumer Price Index (s.a., d)	1.9	1.7	1.7	2.3	3.1	3.3	3.0	2.7	2.5	3.2	3.5	3.3
CPI ex. Food and Energy (s.a., d)	1.1	1.2	1.6	1.8	1.7	1.9	1.8	1.7	2.0	2.0	2.2	2.2
Producer Price Index (n.s.a., d)	3.3	2.1	1.5	3.7	4.9	4.0	3.8	3.3	3.3	4.4	5.0	4.1
Durable Goods Orders (a)	-2.6	3.9	5.9	-2.7	-0.9	1.3	1.9	-0.5	1.0	-1.0	2.0	1.4
Leading Economic Indicators (g)	0.4	0.0	0.8	0.1	0.4	-0.3	-0.3	-0.3	-0.2	-0.3	0.3	0.3
Balance of Trade & Services (f)	-45.9	-45.9	-47.1	-48.5	-47.4	-55.4	-50.7	-54.0	-51.0	-56.1	-59.3	-56.4
Federal Funds Rate (%)	1.00	1.01	1.00	1.00	1.00	1.03	1.26	1.43	1.61	1.76	1.93	2.16
3-Mo. Treasury Bill Rate (%)	0.88	0.93	0.94	0.94	0.94	1.27	1.33	1.48	1.65	1.76	2.07	2.19
10-Year Treasury Note Yield (%)	4.15	4.08	3.83	4.35	4.72	4.73	4.50	4.28	4.13	4.10	4.19	4.23

(a) month-over-month % change; (b) millions, saar; (c) thousands, saar; (d) year-over-year % change; (e) annualized % change; (f) \$ billions; (g) level. Most series are subject to frequent government revisions. Use with care.